

MAY 28, 1979

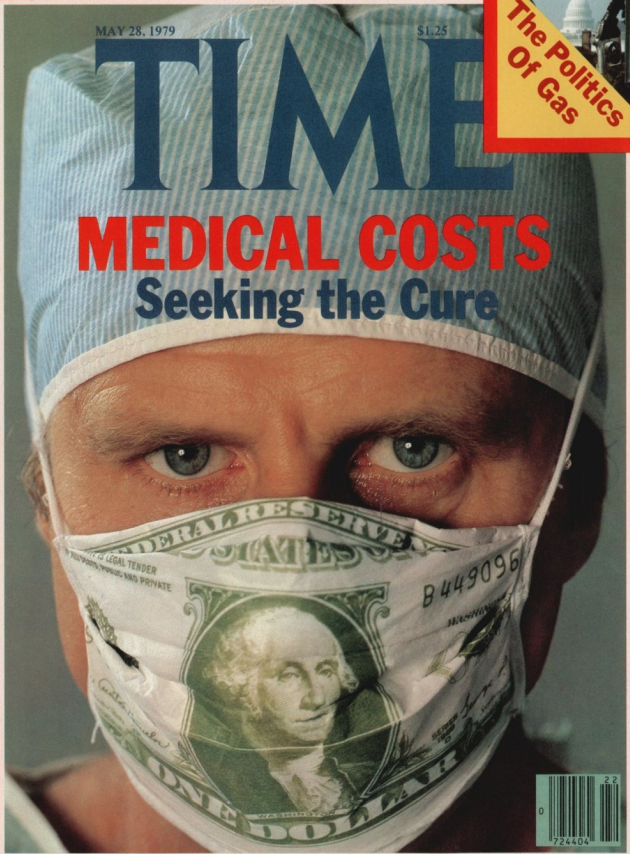
\$1.25

TIME

MEDICAL COSTS

Seeking the Cure

The Politics
Of Gas



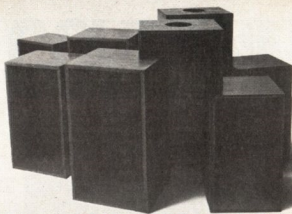
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Taste, Tradition.
These have
made us the
Head of the
Bourbon Family."

-Grand-Dad



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WHAT COMES OUT OF A SPEAKER IS ONLY AS IMPRESSIVE AS WHAT GOES INTO IT.

Most speaker companies try to impress you by describing the "incredible" sound that comes out of their speakers.

At Pioneer, we think the best way to describe how good HPM speakers are is to tell you what went into them.

Instead of a conventional tweeter, you'll find HPM speakers have a unique supertweeter. In brief,



The HPM Supertweeter: speaker technology rises to new highs.

it works on a thin piece of High Polymer Molecular (HPM) film that converts electrical impulses into sound waves without a magnet, voice coil, cone or dome.

As a result, it can reproduce highs with an accuracy and definition that no conventional tweeter could possibly match.

We've also created special mid-range driver cones that are light enough to give you sharp response, yet rigid enough not to distort. So you're assured of hearing a lot more



music, and a lot less distortion.

And while most woofers are still made with the same antiquated materials used in 1945, ours are made with a special carbon fiber blend that's allowed us to decrease the weight of the cone, yet increase the strength needed for clarity. This, plus an oversized magnet and a long-throw voice coil let you hear even the deepest notes exactly the way the musicians



You'll never hear a sound out of these die cast aluminum frames.

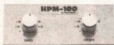
recorded them.

Of course, we could go on and on about the fact that every HPM speaker element has a cast aluminum frame, instead of the flimsy stamped out metal kind. Or about our special compressed wood cabinets that have better acoustic properties than ordinary wood cabinets.

It's features like this that begin to explain why unlike speakers that sound great on only part of the music, HPM speakers sound great on all of it. And this virtue isn't something you'll find in only our most expensive HPM speaker. It's found in every HPM speaker.

At this point, we suggest you take your favorite record into any Pioneer dealer and audition a pair of HPM speakers in person.

If you think what went into them sounds impressive, wait till you hear what comes out of them.



Level controls that let you adjust the sound to your listening area.

PIONEER®
We bring it back alive.

A Letter from the Publisher

Ten years ago, in a cover story on the "Plight of the American Patient," TIME noted with alarm that a typical American hospital charged \$60 a day for a room, more than many resort hotels. The price has since doubled or even tripled, and this week's cover story examines the epidemic that has made health care far more expensive than national defense.

"The roots of medical inflation are tangled and diverse," says Assistant Managing Editor Ronald Kriss, who edited the report. "They lie not only in economics but also in politics and medical technology." To diagnose the case, Kriss assembled a team of writers with expertise in all three fields. Senior Writer George Church relied on his 24 years' experience as a business journalist to untangle the economics of the health care system, an industry that employs more than 3 million people. Senior Writer Ed Magnuson, a veteran political analyst, examined the complex issues and divergent proposals behind the health care debate in Congress. Anastasia Touxifis, a reporter for a physicians' newspaper before joining TIME as a Medicine section writer last year, described the intricacies of CAT scanners, coronary

bypass surgery and other medical innovations that are as expensive as they are sophisticated.

In Washington, Correspondent Eileen Shields found that reporting the story required expertise in all three subjects, but especially one she happens to have mastered. A New York-based business reporter for four years, Shields was assigned last year



Eileen Shields interviewing HEW Chief Califano

to cover HEW. "I thought I left economics reporting behind," she says. "But the health care story, with its barrage of statistics and efficiency rating figures, is as much about business as anything else." The story also required healthy feet. Shields loped through the labyrinthine corridors of the HEW building, lurked about the halls of Congress and made several trips to the White House. She interviewed HEW Secretary Joseph Califano, Senator Edward Kennedy, health industry lobbyists and Congressmen for and against the Administration's medical care bill. She tracked down volumes of studies always revealing, she says, "that costs have risen again." Concludes Shields: "It's a challenging, almost intractable problem, and with next year's election ahead, it won't just fade away."

John A. Meyers

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Cover: Photographed by Dirck Halstead.



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Cover: Nearly \$1 out of every \$11 spent in the U.S. now goes for medical expenses, creating a hot political issue. As 1980 nears, pols like Carter and Kennedy are looking for ways to deal with it. See MEDICINE.



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U.S. GOVERNMENT REPORT: CARLTON LOWEST.

Box or Menthol:

**10 Carlton have
less tar than 1:**

	Tar mg./cig.	Nicotine mg./cig.		Tar mg./cig.	Nicotine mg./cig.
Kent	12	0.9	Salem Lights	10	0.8
Kool Milds	14	0.9	Vantage	11	0.8
Marlboro Lights	12	0.8	Vantage Menthol	11	0.8
Merit	8	0.6	Winston Lights	13	0.9
Merit Menthol	8	0.6			

Of all brands, lowest...

Carlton Box: less than 0.5 mg. tar
and 0.05 mg. nicotine av. per
cigarette, FTC Report May '78.

	Tar mg./cig.	Nicotine mg./cig.
Carlton Soft Pack	1	0.1
Carlton Menthol	less than 1	0.1
Carlton Box	less than 0.5	0.05

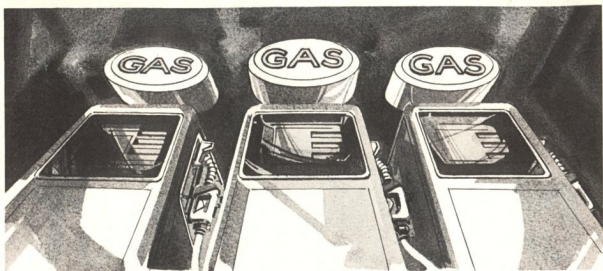
Carlton is lowest.

Warning: The Surgeon General Has Determined
That Cigarette Smoking Is Dangerous to Your Health.

Less than
1 mg. tar,
0.1 mg. nicotine.



Box: Less than 0.5 mg. "tar", 0.05 mg. nicotine; Soft Pack and Menthol: 1 mg. "tar", 0.1 mg. nicotine av. per cigarette. FTC Report May '78.



THERE HAS NEVER BEEN A BETTER TIME TO OWN AN OLDS.

The last time you looked for a new car, you looked for such things as engineering, performance, room, comfort and good resale reputation. It just so happens that these are some of the qualities that helped make Oldsmobile the third best selling car nameplate in America.

Today, there is yet another quality which accounts for the current popularity of the cars of Oldsmobile—good gas mileage.

And today, with gasoline prices higher than they've ever been, there are all the reasons in the world for you to seriously consider an Olds.

Look at the gas mileage estimates for these Olds models. You'll find that each ranks high among cars of comparable size.

Remember, the circled EPA estimates are for comparison to other cars. Your mileage depends on your speed, trip length and weather; your actual highway mileage will probably be less than the highway estimate. California estimates

are lower. Oldsmobiles are equipped with GM-built engines produced by various divisions. See your dealer for details.

	EPA EST. MPG	Hwy. EST. MPG
OMEGA	(24)	38
CUTLASS	(19)	25
DELTA 88	(18)	27
TORONADO	(16)	22
NINETY-EIGHT	(15)	21

Getting a car with good gas mileage is one thing. Getting an Oldsmobile with good gas mileage is quite another.

So look at all the cars available today. Drive, price and compare them all. And we think you'll agree: there has never been a better time to own an Olds.

Oldsmobile

Have one built for you.



Tom York, when did you start reading The Wall Street Journal?

"I don't remember the exact day, but I do remember the exact why: to be well informed about the world of business," says W. Thomas York, Chairman of the Board, AMF Incorporated.

"I started reading The Journal in the early fifties in college, continued reading it in the Navy, and have stayed with it because it helps me with my need to know about business."

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Because they've discovered that business news comes first in The Journal.

Journal reporters know the news that's important in business. They know the news that matters to anyone who makes a living in business. They dig for it. They pull out what's significant.

And they report it to you every business day.

That's why every business day in The Journal you'll find

reports — in specific detail — on business operations, business issues, business people that you'll find nowhere else.

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Reading The Wall Street Journal won't assure you of getting to the top in business. But reading it will assure you of staying on top of what's happening in business.

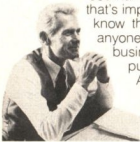
To Tom York, that's time well spent.

The Wall Street Journal

All the business news you need.
When you need it.



1955. Tom York, at 22... commissioned as an officer in the United States Navy



Today. Tom York, Chairman and Chief Executive Officer of AMF Incorporated.

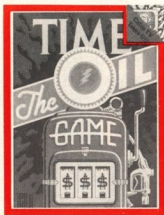
Letters

Oil and Trouble

To the Editors:

Congratulations for explaining the way the Big Oil Game [May 7] is played. It's easy to blame the companies, but it's also a gross injustice. Only when people understand this incredibly complex situation will they realize the energy crisis is for real, and not a plot of the oil companies. The Federal Government is the worst offender in spreading the myth that big oil companies are ripping off the public.

Leslie Ellis White
Toluca Lake, Calif.



The energy crisis may be real, but the oil companies and the OPEC nations are just ripping off the American consumer. They holler shortage and up goes the price. I realize there is a crisis, but President Carter and the Congress could take action to solve it, instead of sitting up in Washington drawing big salaries for nothing.

Larry G. Bailey
Shelby, Miss.

Writer Chris Byron makes the oil companies sound like a charity group. He justifies their greed by informing us that "surely nobody knows how to find the crude better than oilmen do." Does this justify future windfall profits at the expense of the American public? Business practices, like oil, should be refined, not crude.

Kendall M. Jones
Palo Alto, Calif.

Any windfall profits tax should include deductions for money spent directly on oil exploration and oil development, but nothing else, since the prime purpose of the new decontrol program is to increase America's oil supplies.

Philip J. Schacca
West Hempstead, N.Y.

My only hope is that oil prices continue spiraling higher and even higher, especially in the U.S. Then some Ameri-

cans might begin to think before they waste (sorry, consume) the earth's liquid gold in their overheated houses and oversized automobiles.

Detlef Hohl
Gauting, West Germany

As one of the "individuals [who] blithely go along wasting fuel," I object to my use of gasoline being termed waste. By whose standard does use become waste?

Dwight Alderson
Sacramento

A more appropriate title for your article would be: "How Big Business practices backfired and shot down the national economy along with the public's trust in Big Business—in two painful steps."

John B. Robinson
Huntington, N.Y.

Underground Heroes

The remarkable efforts of Curtis Sliva and "the Magnificent 13" [May 7] who volunteer their time and energy to divert subway crime should be commended. I hope I never need them, but I would really like to meet them next time I ride the subways.

Suzanne Chazin
Tenafly, N.J.

I only wish that other groups of young people or adults would start such patrols to discourage the crime that is rampant everywhere. North Little Rock has started patrols by concerned citizens, so all is not lost.

Katherine Etris
Dardanelle, Ark.

In your American Scene, a man sees six teen-age blacks sweeping toward him like a pack of wolves. But when you mention the two token-booth operators in Queens who were burned to death, you say some teen-agers did it. Were they white teen-agers, looking like a pack of wild dogs? Tell it like it is. Don't just yell black; yell white too.

James Greene
Attica Correctional Facility
Attica, N.Y.

Voters' Message

Congressman James Leach may be the most hated man in Washington for his efforts to reduce bureaucracy [April 30], but the love from taxpayers in the hinterlands should more than compensate. At least one member of Congress got the voters' message last fall that it's time to eliminate Government waste and cut taxes.

James B. Benda
Kansas City

So, a sophomore Republican Congressman from Iowa hog-tied Congress

into passing two amendments to the Civil Service Reform Act, reducing Government employees by 29,000 and thereby bringing bureaucracy to a grinding halt. There should be more legislators like James Leach.

J. Michael O'Donnell
Corte Madera, Calif.

May I cast the first vote for U.S. Congressman James Leach for President?

James C. Kellogg
Chicago

Adept Advice

Congratulations to Rosalynn Carter [May 7] on the advice she has given her husband. She seems to be very adept at it, and now that we know who the brain is behind all of those decisions, maybe she should be nominated for the presidency. She would probably do a better job.

Maureen Robinson
Chicago

Could it be that the mediocre leadership of the most powerful person in the White House is caused by mediocre advice from the second most powerful person?

Carolyn H. Clemons
Grand Rapids

The "New York Disease"

I suppose folks here in Santa Monica should be excited to have our name mentioned in the TIME article "Catching the New York Disease" [April 30] in connection with passing a rent control initiative. But people out here are sick and tired of being told that enacting any progressive measure will bring the failings of New York City down upon us.

Rob Briner
Santa Monica, Calif.

Rent control is not the answer to the avaricious increasing of rents by landlords. In my opinion, the only cure, excepting a serious recession, for our galloping inflation is an excess profits tax.

Loren Le Blanc
Orange, Texas

Homosexuals

The Institute for Sex Research disclaims the estimates of the incidence of homosexuality you gave [April 23]. The percentage of adults in the U.S. who are predominantly homosexual at any given time is approximately 4% for males and 1% to 2% for females.

Paul H. Gebhard, Director
Institute for Sex Research
Bloomington, Ind.

Cut Off from Hope

Perhaps you will be interested to know that Theresa Nanziri, whose brutal murder you describe in "Amin's Horror

Letters

Chamber" [April 30], was one of the leaders of the training staff for Peace Corps Uganda. She represented the best of the pre-Amin Uganda, a strong woman, confident and competent, especially within her field—mathematics. She was a beautiful person as well, who helped many of us to become better teachers. I cannot help wondering how much her association with the Peace Corps endangered her after the U.S. broke diplomatic relations with Uganda, and whether her life and the lives of many others might have been spared had more countries remained in Uganda to give voice to the oppressed people who were otherwise quite effectively cut off from hope.

Bonnie Weber
Seattle

Better Than Nothing

While Rhodesia's elections [April 30] are not an example of democracy at its best, they are better than anything that would ever occur under Guerrilla Leaders Joshua Nkomo and Robert Mugabe.

Mark Tooley
Arlington, Va.

All that Ian Smith has done in Zimbabwe through his so-called election is turn blacks against blacks instead of blacks against whites, as it was and should be. It is now left to the blacks to dance to his tune or against it.

Gabriel Oloo Ngegwé
Paris

It is not surprising that 97% of those killed in the Zimbabwe-Rhodesia struggle have been black, since less than 4% of the total population are white.

Jerry W. Russell
St. Louis

Great Chief Brown

I was resting under a tree with the Rendille tribesmen in Kenya when California Governor Jerry Brown came avisting [April 23]. As he and his entourage charged about in the midday sun, raising dust, frightening the cattle and poking their heads uninvited into Rendille homes, the tribesmen asked us what he was doing. I said he was studying. "But what does he *do*?" one of the Rendille persisted. "Well," said I, "he is leader of a tribe in the most powerful federation of tribes in the world. He is a Great Chief." Just as I was saying this, a howling mob armed with cameras burst from the bush. A squaw grabbed Jerry's hand, rushed him to a great iron bird of the sky, and off they fled. The Rendille rolled on the ground, hooting with laughter.

Malcolm McFarlane
Paris

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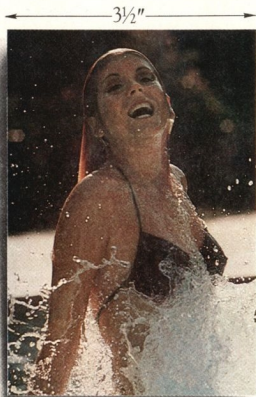
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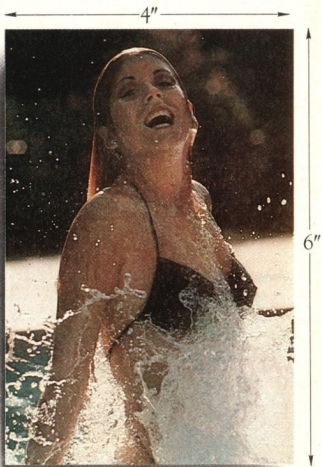
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If you took a roll of 35mm film to Fotomat for developing, you'd get back a 3 1/2 x 5 print.

And you'd really like it.



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Custom Series 35. Not just bigger. Better.

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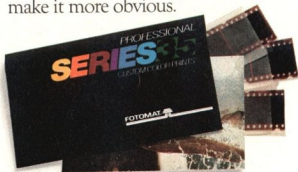
Our most experienced photo-finishers, in a separate section of our own Fotomat processing labs, use all their skills to produce a perfect nega-

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If you're an expert, Series 35 will make it more obvious.



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Make it less obvious.

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Merit Smashes Taste Barrier.

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Majority of smokers confirm 'Enriched Flavor' cigarette matches taste of leading high tar brands.

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Confirmed: Majority of smokers confirm taste satisfaction of low tar MERIT.

And in research conducted among current MERIT smokers:

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Confirmed: Overwhelming majority of MERIT smokers say their former high tar brands weren't missed.

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First Major Alternative To High Tar Smoking

MERIT has proven conclusively that it not only delivers the flavor of high tar brands—but continues

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Kings: 8 mg "tar," 0.6 mg nicotine—
100's: 11 mg "tar," 0.7 mg nicotine av. per cigarette, FTC Report May '78

Warning: The Surgeon General Has Determined
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Kings & 100's

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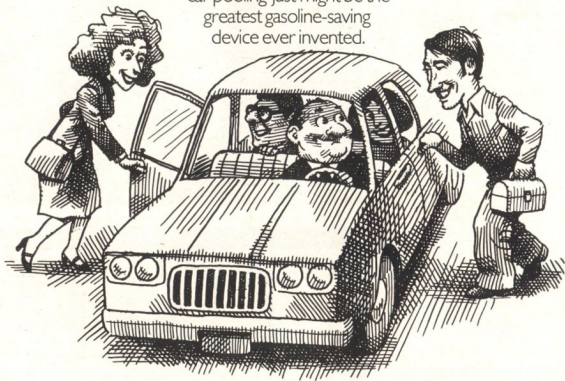
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The Capitol as seen from a service station in northeast Washington. Is it really the truth to say that the worst is over?

BRACK—BLACK STAR

TIME/MAY 28, 1979

Playing Politics with Gas

Pressured by Jerry Brown, Carter sounds optimistic—and confused

The two men have very little respect for each other. One is President, and the other wants his job. Jimmy Carter regards Governor Jerry Brown of California as a slogging opportunity, while Brown considers Carter incompetent. Nonetheless, Brown telephoned Carter at the White House last week to ask for an audience, and Carter, in the straight-faced account of Press Secretary Jody Powell, "was happy to provide it." What brought them together two days later was the gasoline shortage, which has been felt nowhere in the country so sharply as in California.

For yet another week, gas stations almost everywhere kept short hours, closed on the weekend or limited sales to a few gallons because supplies were short, by 5% to 20% of 1978 levels. In most states it was enough of a pinch to make gasoline a major topic of concern, but not enough to force Americans to change lifestyles. In California, however, long lines of cars formed at every open pump, as angry and panicky motorists tried to buy every drop available.

White House aides reacted to Brown's call as though they were receiving a visit from Count Dracula. In an effort to blunt

any political benefits to Brown, they quickly got on the phones and invited to the meeting all 45 members of the California congressional delegation plus the speaker of the state assembly and Los Angeles Mayor Thomas Bradley.

Unintimidated, Brown flew east and told Washington reporters: "I'm not here to point any fingers. I'm here to try to get some answers." At 10 a.m. Wednesday, the Californian pointedly walked up the White House driveway, met with Carter for ten minutes in the Oval Office and then went with the President to the Cabinet Room for an amiable hour-long chat with the other Californians.

As soon as the meeting ended, Brown seized the initiative. He told reporters that he had warned Carter that the scarcity of gas in California might cause an economic disaster, which could spread quickly and tip the nation into recession. The Governor suggested that Carter had "responded" by promising that California would get more gasoline. Said Brown: "May will be the worst; in June things will improve." Brown could not resist one extra dig at Carter: "Many people actually thought that the President was punishing California because of me. I don't

believe that." Then he turned over the microphone to Republican Senator S.I. Hayakawa, who promptly made the Marie Antoinette remark of the year: "Let gas go to \$1.50, even \$2 per gal. A lot of poor don't need gas because they are not working." Hearing that, Brown gingerly edged away from the microphone and headed for home.

Carter moved quickly to recover. He made an appearance of his own before reporters to proclaim that he had begun working to ease California's gas shortage long before Brown's visit. On May 1, Carter said, the Department of Energy changed the gasoline allocation formula so that California will get more gas. Previously allocations were based on 1978 supplies; the formula will now take into consideration population growth.

The President also announced that he was taking several technical steps to relieve the gas shortage, and aides distributed the DOE's newly completed "Report to the President on Gasoline Supplies for California," which suggested that Brown could act on his own to relieve the problem. By relaxing some state environmental regulations that are stricter than federal standards, such as on the lead content



Carter giving an optimistic briefing

of gasoline, and strictly enforcing the 55 m.p.h. speed limit, California could save an estimated 55,000 bbl. of gasoline per day. That would certainly help bridge the gap between supply and demand: the state's gasoline supplies in May probably will fall about 70,000 bbl. per day below those of a year earlier. At Carter's side, Energy Secretary James Schlesinger declared: "I think it would be safe to say that we hope the worst is over."

For an Administration that has been sounding alarms on energy ever since taking office, the optimistic statements by Carter and Schlesinger seemed a remarkable change of direction. For months, Carter has predicted that gas would be scarce all summer, and in even shorter supply next year. Two weeks ago, when Congress refused to give him stand-by authority to impose gasoline rationing, he angrily accused his opponents of having "apparently put their heads in the sand." Just the day before his meeting with Brown, Carter told 200 business leaders at the White House that the energy crisis "fester[s] like a cancer, sapping away the basic strength of our nation."

Now, overnight, Carter has begun sounding remarkably upbeat. At first it seemed the President hoped that by tinkering a bit with the American energy machine and by lessening the widespread tendency toward panic buying, he could shorten the lines at the pumps in California and vent some of the political pressure on him.

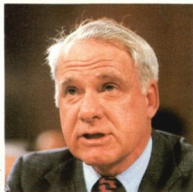
All the next day after Carter's surprisingly sunny forecast, White House aides tried to dispel the impression of presidential zigzagging. Fielding calls from politicians across the country, they insisted that Carter had not meant to imply that the overall gasoline squeeze was over. In fact, even when U.S. stocks of crude oil inch up to 1978 levels, as expected by July, they will fall short of demand by about 5%.

There was no undoing the confusion, however. Oregon Governor Victor Atiyeh complained that Carter's decision to help California was

a "slap in the face" to other Governors who have been urging less driving in order to conserve gasoline. Illinois Governor James Thompson, for example, requested motorists to drive no faster than 50 m.p.h. New York Governor Hugh Carey asked motorists to cut their driving this month by 100 miles, which would enable them to save seven gallons of gasoline each. The New England Council, a Boston-based booster group, has proposed that everyone abstain from driving one day a week. To those who took the pledge, the council offered bumper stickers that read: SAY NO TO OPEC.

By the millions, however, Americans were still saying no to the calls for conservation. Only a minority of people switched to public transportation, and that may be temporary. Large cities reported slightly more passengers on buses and subways. Reservations increased by 16% on airlines and by 40% on Amtrak's trains. Amtrak's 925 reservations clerks were overwhelmed by phone calls—1.3 million, four times the normal number, in the first week of May. Long-distance travel on Greyhound buses was up 20%. Sales of big cars during the first four months of 1979 were 8% lower than a year ago, while sales of small cars rose 17%.

But outside of California, the vast majority of Americans apparently were making few changes in their travel habits or vacation plans, not even for the Memorial Day weekend, when gasoline supplies



Schlesinger sounds just as upbeat

will be particularly short. Half a million people, traveling by cars, pickup trucks and garishly decorated vans—more than 200,000 vehicles in all—are expected at the Indianapolis 500 auto race. What will happen if there is not enough gas to get them home? Replied State Police Major Forest Cooper: "We are very concerned."

Despite the grim example of California, most Americans still refuse to believe the crisis is real. According to the latest Gallup poll, completed in early May, only 44% of the public think the nation's energy situation is very serious, about the same percentage as two years ago.

Amid such skepticism, Carter has won little support for his vacillating policies, particularly in California. Reported TIME Los Angeles Bureau Chief William Rademaekers: "There is a feeling that Jerry Brown forced Carter's hand. Brown comes out as an activist fighting for his state and Carter as the boy with his finger in the dike."

But most Californians were too busy trying to beat the gas lines to worry about whether Carter deserved praise or censure. Some drivers offered station owners bribes of \$10 to \$20 for a full tank; others bought bootlegged gasoline for \$6 per gal. or hired people to wait in line for them at \$3.50 an hour. Johnny Rodgers, a professional football player, told a reporter that he got so impatient at waiting in his Rolls-Royce for gas that he bought the service station. Said he: "I bought it for my friends' convenience too."

One Californian rented a truck for a day and returned it with a nearly empty tank, even though the truck had gone only eleven miles. To discourage similar siphoning, some major auto agencies rented out cars with tanks only one-eighth full. But for the second straight week, most drivers just sat in line for up to five hours, sunbathing, playing Scrabble, writing poetry in response to a San Diego radio station contest, reading magazines and newspapers and exchanging them with others in line. Highway offi-



Brown scoring points after meeting with the President

"I'm not here to point fingers. I'm here to get some answers."

Nation



Californians lining up for gas at a service station in Los Angeles

cials reported that driving was down 15% on freeways and as much as 25% on city streets. Shopping fell off (down 15% in Beverly Hills); so too did visits to dentists and doctors, though while one physician waited in a San Francisco gas line, he examined a patient in his car, diagnosed a minor ailment and wrote out a prescription.

The Gallup poll found that 77% of the public believe the shortage was deliberately caused by the oil companies—a view held even by many gas station owners. Said Curtis Robertson, executive director of the Indiana Service Station Dealers Association: "When the price is right, we will get all that we need."

Gasoline prices had already soared to what most consumers felt were astronomical heights, up to \$1.01 per gal. in Manhattan. Many drivers thought they were being charged too much. The enforcement office of the DOE's Economic Regulatory Administration was receiving 500 complaints a week of price gouging. But after auditing 2,000 stations' books, federal officials concluded that most of the nation's 171,000 gas station owners had not raised prices beyond the profit-margin limits imposed by the Government in 1973.

Nor was there anything to substantiate the suspicions of dealers and their customers that the gas shortage had been contrived by the oil companies. Nonetheless, a probe was being pursued by the Federal Trade Commission because statistics showed that gasoline production may have fallen more sharply than warranted. Said Alfred Dougherty Jr., the FTC's Bureau of Competition director: "If this cutback in the production of refined products was not justified by a scarcity of crude oil or other legitimate business reasons, the current gasoline shortage may be contrived." Admitted FTC Investigator Ronald Rowe: "Right now, we have a lot

more questions than we have answers."

The answers will not be simple. Oilmen disclaim any wrongdoing and insist that the problem is mainly the result of OPEC members' decision to prop up high oil prices by reducing exports. Because oil shipments from Iran take about two months to reach the U.S. market, the loss caused by the shutdown during the revolution—about 700,000 bbl. per day—did not affect American consumers until March. The American Petroleum Institute estimates that the U.S. now is short as much as 1 million bbl. of imported oil per day. Iran resumed exports in March, but this oil will not show up in American petroleum markets until late this month, which is why Carter and Schlesinger believe the gasoline crunch will be eased in June. But shortages will continue because OPEC nations that temporarily helped offset the lost Iranian production have reduced exports to keep supplies tight.

At the same time that imports were reduced, oilmen say several other factors

worsened the situation. Among them:

1) To hold down domestic prices, the Department of Energy urged oil companies not to buy crude on the spot market, where prices are up to \$12 higher than the world average of \$18 per bbl. There is some debate among oilmen over the degree to which this policy affected supplies. In any event, because of a change in DOE policy last week, the companies are now free to buy on the spot market, though several of them are reluctant to do so until the Government assures them that they can pass the extra costs on to consumers.

2) With the stock of heating oil and diesel fuel at the extremely low level of about 117 million bbl., the Energy Department pushed the 34 largest refiners to boost production so that supplies would hit 240 million bbl. by Oct. 1. This would be considerably above the 198 million bbl. that the DOE considers to be the "minimum acceptable level" for that time of year. Energy officials are now telling the refineries that they can have until the end of October to get stocks of heating oil and diesel fuel up to the requested levels, thereby allowing them to produce more gasoline.

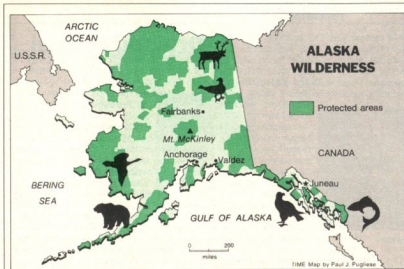
3) As gasoline production has waned, consumption has risen much faster than can be accounted for by population growth, which is only about .8% a year. For the first four months of 1979, consumption jumped 2.6%. One reason is the booming popularity of pickup trucks and vans, which get lower gas mileage than many cars. Another is the growing number of two- and three-car families; according to an oil-company estimate, the number of cars on the road (about one for every two Americans) climbs about 10% a year. A poll by Amoco found that the average household drove 20,400 miles last year, up 11% since 1974, and that 22% of that driving could have been eliminated without "any great personal sacrifice." Moreover, drivers increasingly are ignoring the 55 m.p.h. speed limit; each additional 5 m.p.h. requires 1% more gasoline. The gas supply situation is aggravated in the Southern and Western states because on top of all the other factors, their populations have soared (up 1.9% in California alone last year), and their cities generally have inadequate mass transit.

There now is some evidence that Americans are beginning to cut down on gas consumption. Beginning in mid-April, sales of gasoline fell about 5% below last year's levels. At the same time, crude oil stocks began to rise; the latest figure was 322 million bbl., up from 300 million bbl. in January, when refineries began cutting back on gasoline production. By the end of May, predict federal energy experts, gasoline supplies for California and the rest of the nation could hit 99% of 1978 stocks. Still, unless tank topping stops and American drivers practice a little conservation, the great gasoline crisis of 1979 will continue.



A message for the day in Glendale, Calif.

"We have more questions than answers."



Backlash Against Big Oil

Anger at the industry helps an Alaska conservation bill

Tip O'Neill stood in his Speaker's office and waved a big hand toward the floor of the House. "The oil industry is in rough shape out there," he declared. "The members think they're voting against another rape by Big Oil."

Big Oil clearly was in trouble. By a vote of 268 to 157, the House had just approved a proposal that the industry thought it could defeat: legislation that would set aside 126 million acres of Alaska's most spectacular wilderness. The bill would place stringent limits on how the land could be developed by oil companies looking for new sources of petroleum, as well as by lumber and mining interests. The most sweeping land conservation legislation in U.S. history, the bill would preserve an area slightly larger than California. It would also protect the great caribou herds in the Arctic Wildlife Range, the spawning beds of the Pacific salmon in the Misty Fjords along the state's southeast coast, the nesting grounds of the dwindling numbers of American bald eagles on Admiralty Island and the habitat of the whistling swan in the southwest.

Before the vote, Congressman Mo Udall, one of the bill's sponsors, had feared the gasoline shortage would give industry lobbyists a powerful argument for approval of an opposing measure that would have opened 63 million acres of Alaska's wildlife refuges to oil exploration and hard-rock mining. With long lines forming outside California gas stations, Udall warned, "This is the worst time to bring this bill up."

But O'Neill sensed a different sentiment on the floor. He knew that members of the House had been blistered by their constituents for turning down President Carter's plan for stand-by gasoline rationing. The Speaker also realized that the voters were fed up with the oil companies. "I've never seen the public so

mad," O'Neill told reporters. "You take away gasoline and you destroy the family. That's the way they feel." Indiana Democrat John Brademas saw another reason for the vote, urged along by persuasive conservationist lobbying: "There is a feeling of protecting the great natural legacy of Alaska. It's a triumph for the environmental ethic."

The bill was itself a compromise between the views of the developers and the strict conservationists. A total of 67 million acres would be designated as wilderness areas, in which little commercial activity is permitted. Still, the bill would permit oil companies to develop new sources of petroleum in 95% of the state's total area. The bill would also give concessions to certain established developers and open 22.5 million acres in the North Slope area west of Prudhoe Bay as a "national petroleum reserve" in which private companies could seek and produce oil.

Republican Don Young, the state's lone Congressman, called the bill "illegal and immoral" and "a terrible thing for the people of Alaska." Udall sharply disagreed, noting that the federal lands left untouched by the bill are "twice the size of California and can be used as they please by the 400,000 people of Alaska." Referring to the region covered by the bill, Udall added: "The 220 million people of America are entitled to the preservation of the least great areas of wild beauty in the U.S."

By threatening a filibuster, Alaska's Senator Mike Gravel was able to kill a less extensive proposal last year. Another fight looms: Gravel and Ted Stevens, Alaska's other Senator, oppose the House bill. At best, the Senate will not be voting for several months, by which time it could just be filibuster season again. ■

Nuclear Setback

Kerr-McGee found liable

In the wake of Three Mile Island, the battered nuclear power industry suffered another blow last week, this one in a court of law. A federal jury in Oklahoma City handed down a finding in the celebrated case of Karen Silkwood that vastly increased the chances that a company using nuclear materials might have to pay heavy damages for harming not only its employees, but people in surrounding areas.

The jury found Kerr-McGee Corp. negligent in the handling of highly radioactive plutonium because it did not protect Silkwood, a lab technician, from contamination. The jury awarded her three children \$10.5 million. She herself was killed mysteriously in 1974 when her car ran off a road as she was on her way to give evidence of the plant's carelessness to a New York Times reporter.

During the eleven-week trial, the manner of Silkwood's death was not an issue. The case centered on how she had become so poisoned by plutonium that she was, in the words of one expert witness, "married to lung cancer." Lawyers for both Silkwood and the corporation agreed that the young woman's apartment had been contaminated by plutonium from the plant, which has since been closed. The company contended that she had carried the metal out of the plant in small quantities and had, either intentionally or accidentally, poisoned herself. Why? "Maybe she was simply trying to create an incident to embarrass the company," suggested Kerr-McGee Attorney Bill Paul. Scoffing at that notion, Silkwood Attorney Gerald Spence hinted that the company had deliberately contaminated the lab worker because she was trying to reveal unsafe company practices. Asked Spence: "Did she know too much?"

The jury seemed impressed by the testimony of witnesses claiming that Kerr-McGee had carelessly handled radioactive materials. But the decision awarding damages to Silkwood's heirs went far beyond the simple finding that the company was guilty of negligence. Kerr-McGee was liable, Judge Frank G. Theis instructed the jury, even if the company had followed all safety rules, so long as Silkwood had not contaminated herself.

That point and the fact that the case involved radioactive poisoning outside the plant itself have enormous implications, if the finding is sustained on appeal: a company might be held liable for the harm it caused employees and people outside the plant, no matter how stringently it obeyed regulations.

Kerr-McGee plans to appeal the case. Dean McGee, co-founder and current chairman of the company, had declared that, whatever the verdict, his firm did not expect to make any changes in its operating practices. ■

Nation

Show and Tell

Wealth in Washington

Their public salaries hardly compare with those in the top ranks of American private enterprise, but the nine members of the U.S. Supreme Court, the President's Cabinet, members of Congress and four announced candidates for the Republican presidential nomination are not quite ready to line up for food stamps.

Operating under the requirements of the 1978 Ethics in Government Act, official Washington and those who hope to become official Washington last week began disclosing their personal finances. Thousands more who will be required to report (nearly 11,000 earn more than the \$44,756 that makes them eligible) took advantage of extensions granted by the Office of Government Ethics, set up to handle the disclosures.

Among that group: President Carter and Vice President Mondale.

The disclosures were further delayed by a last-minute court order issued by U.S. District Judge Robert Collins in New Orleans after six federal judges argued

that they feared kidnappings and other threats once their wealth was known. Despite that order, eight members of the Supreme Court filed their reports. Justice Lewis Powell Jr., who reported his net worth at \$1.3 million when he was confirmed in 1971, got a 30-day extension because of illness.

The richest member of the high court reporting last week was Justice Potter Stewart, who said he has assets of more than \$1 million, not including the equity in his Washington home.

Chief Justice Warren Burger announced that his assets totaled between \$600,000 and \$730,000 and that he owes between \$100,000 and \$200,000 (the law requires the reporting of only a range of wealth, not specific amounts).

Justice William Rehnquist reported savings of between \$5,000 and \$15,000 and property in Arizona. Justice Thurgood Marshall seems to be living on his \$72,000 salary, reporting interest receipts of less than \$1,000 from a savings account.

Richest of the Republican presidential candidates reporting last week (Ronald Reagan and Phil Crane did not file) was Lawyer John Connally. His

1978 income was \$1.3 million. Nor were any of the other G.O.P. hopefuls in bad financial shape. George Bush said he earned \$354,751 last year, much of it from speeches; Howard Baker made \$397,000, including his \$86,666 Senate salary. Robert Dole earned \$115,244.



Burger

As disclosures began pouring forth from Congress, it turned out that the Senate has 19 millionaires. Among them: Ted Kennedy, who reported an income of between \$294,450 and \$584,525 in addition to his Senate salary of \$57,500, plus oil royalties of up to \$50,000 and real estate holdings of \$1.5 million.

The apparent winner of the Senate sweepstakes was, however, Pennsylvania Republican Pickle Heir H. John Heinz III, who reported wealth of between \$11.7 million and \$20.9 million. That did not include income from two trusts valued at more than \$5 million. Runner-up was Missouri Republican John Danforth, who said his assets actually declined last year because the family business, the Ralston Purina Co., suffered a dip in profits. Danforth said his current holdings amount to between \$6.9 million and \$17.2 million. Other millionaire Senators include:

► California Republican S.I. Hayakawa, who reported assets of between \$250,000 and \$1.5 million.

► New Jersey Democrat Bill Bradley, the former basketball star, who said he was worth between \$1.1 million and \$3.1 million.

► Minnesota Republican Rudy Boschwitz, who made his fortune selling plywood, claimed assets of between \$5.5 million and \$6.2 million.

► Kansas Republican Nancy Kassebaum, daughter of 1936 Presidential Candidate Alf Landon, who reported that her broadcasting properties are worth between \$2.1 million and \$4.2 million.

A few members of the Senate, however, were not rolling in clover. Alabama Democrat Donald W. Stewart said that he had assets of between \$355,000 and \$890,000, but that he owed between \$505,000 and \$1.1 million. Massachusetts Democrat Paul E. Tsongas has assets of about \$50,000 more than his liabilities, including a debt to Yale Law School of \$808.47.

Senate Majority Leader Robert C. Byrd, who lacks inherited wealth, seems rich in resourcefulness. He earned \$1,900 in royalties from a country-music album on which he played the fiddle. ■



Connally

Drained of Zeal

A look at the President's men

Part I zinged the President. Now comes Part II, in the June issue of the *Atlantic*, and the President's men get their lumps.

The White House staff, says former Speechwriter James Fallows, 29, in the concluding installment of his reflections on "The Passionless Presidency," functions like a "feudal system." He adds: "By choosing stability, harmony and order as his internal goals, by offering few rewards for ingenuity and few penalties for dullness or failure, Jimmy Carter created an Administration in which people were more concerned with holding their jobs than with using them."

In his first article, Fallows saw Carter as a man who "fails to project a vision larger than the problem he is tackling at the moment." Carter's aides, Fallows says in his second article, have fallen prey to the bureaucratic system that they once vowed to reform. He writes: "Run like a bureaucracy, the White House took on the spirit of a bureaucracy, drained of zeal, obsessed with form, full of people attracted [more] by the side-dressings of their work than by the work itself."

Domestic Policy Adviser Stuart Eizenstat, he says, is typical of the Administration mold: "A skilled version of an unimaginative breed." Georgians Hamilton Jordan and Jody Powell, says Fallows, cultivate the laid-back style of "cool guys getting the job done without trying too hard or taking it all too seriously." One of the few to win a favorable notice is National Security Adviser Zbigniew Brzezinski, "high-strung and vain," but also "the one among Carter's senior associates who tried every day to test the limits of his job and come up with new ideas."

In the White House depicted by Fallows, errors, of which Congressional Liaison Frank Moore's have been "the most flagrant," are ignored out of a misguided sense of loyalty. "The goal was orderly performance. The virtues of an organization man—preserving order, preventing errors—were those Carter prized; and if an attempt to produce more imaginative policies, broader sources of information, even better speech drafts would violate these principles of order, it was not likely to prevail."

Despite his criticism, Fallows still clearly admires Carter, and concludes: "Carter is still the best hope for some day bringing the Government under control." No other potential President, from Kennedy to Connally, "would be more likely to recognize the bureaucratic pitfalls than to re-elected President Carter with four years of painful education behind him; nor would they offer the stability of character that is Jimmy Carter's greatest strength." The final verdict: "I am prepared to vote for him again." ■



Heinz

Political Perversity

A Soviet insider's view of the coming war with China

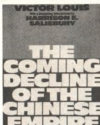
The scenario is chilling. China's ethnic minorities, which occupy some 60% of the nation's territory, want to break away from Peking. The inhabitants of Inner Mongolia yearn to unite with the Mongolian People's Republic and the Turkic peoples of Sinkiang with their cousins in Soviet Central Asia. "An exchange of blows," as the author puts it, "may start at any moment."

When that happens, hundreds of thousands of "volunteers" on the Soviet side of the Chinese frontier will "come to the aid of [their] brothers in blood and in faith," and the Soviet authorities will be unable to stop them. As the fighting spreads, the Chinese may attack Russia itself. The Soviets consider escalating to nuclear weapons. "It is difficult," the author warns, "to overestimate the scale of the retaliation..."

If *The Coming Decline of the Chinese Empire* were the creation of some hack novelist, it might be dismissed as turgidly written and historically inaccurate—for it is both of those—but it is in fact the work of Victor Louis, 50, Moscow correspondent for the *London Evening News*, world traveler, *bon vivant* and a man widely reputed to have close connections with the Soviet KGB. The book thus can be interpreted as a Soviet government fantasy of China's eventual political and geographical disintegration—and a rationale for direct Soviet military intervention.

One expert who so interprets it is Harrison Salisbury, who was asked by *Times Books*, a subsidiary of the New York *Times* and the publishers of Louis' effort, to write an introduction. A onetime Moscow correspondent for the *Times* and author of a book entitled *War Between Russia and China*, he responded with a blistering attack. "Louis is a longstanding and experienced KGB agent," Salisbury charges in a 14-page "dissenting introduction," and his creation "is a book of spurious content, dubious logic, flagrant untruth... What confronts us is political perversity seldom seen." But because of Louis' position, Salisbury adds, his tract "commands our attention."

Louis claims to have worked on *The Coming Decline* for ten years, roughly the length of time since he became the first Soviet citizen in two decades to visit Chiang Kai-shek's Taiwan, secretly, in late 1968. His book, however, is virtually devoid of contemporary sinological research, not to mention eyewitness reporting. Louis draws on czarist-era studies to proclaim that nationalism is flourishing even in Manchuria, though the Manchus have virtually vanished as an identifiable eth-



Louis' book cover

nic group, largely because of overwhelming Han Chinese immigration for a century. At one point Louis admits this; at another point he claims, posterously, that the issue of Manchu nationhood is being debated "heatedly" by scholars. He even concocts a bizarre drama in which the Tibetan Dalai Lama takes up residence in the Mongolian capital of Ulan Bator and rallies Tibetans and Mongols—who share the same kind of Buddhism—to separatism.

Louis' fantastic speculations provide strange insights into Soviet thinking about China and the Chinese. To provide evidence for his reasoning, Louis quotes strongly chauvinistic Russian ethnographers and explorers of the 19th century



Victor Louis and Stalin in Mongolia

"An exchange of blows... at any moment."

and laces his narrative with chapter headings like "Yellow Colonialism," "They Want to Secede" and "The Aggressor Rebuffed." He argues that China "can hardly be said to have any common cultural makeup" and virtually denies the existence of an official national dialect, Mandarin. He also asserts that the Chinese are not patriotic but only respond to individual leadership.

Understandably enough, Louis makes no mention of Moscow's difficulties with its own ethnic minorities, which constitute 53% of the Soviet Union's population, as compared with a total 6% minority population in China. Yet it was a revolt of the Soviets' restive minorities that provided a central drama a decade ago in the prophecy by Soviet Dissident Andrei Amalrik, *Will the Soviet Union Survive Until 1984?* After serving a term of exile in Siberia, Amalrik was allowed to emigrate to the West in 1976.

In terms of the Sino-Soviet propaganda war, Louis' book is so inflammatory that it could hardly have been published unless he had obtained approval for it at a very high level. The work's timing is surely not coincidental. The Chinese invasion of Viet Nam last February plunged Sino-Soviet relations to a new low, and the U.S. normalization of ties with China revived Moscow's anxiety about a possible Peking-Washington rapprochement, one of the events predicted in Amalrik's *Will the Soviet Union Survive?*

Louis is no stranger to controversy. He once was arrested by Stalin's police, and Salisbury repeats the report that Louis operated a store inside a concentration camp. He emerged during the Khrushchev era as not only a journalist but a very well connected middleman. His entrepreneurial activities have included attempting to stage a pirated Soviet production of the musical *My Fair Lady* in 1959, trying to sell Western publishers an unauthorized version of the memoirs of Stalin's daughter Svetlana Alliluyeva, and possibly helping to spirit out of Russia the tapes and manuscripts for *Khrushchev Remembers*. Louis' luxurious dacha, complete with sauna, clay tennis court and thermostatic wine cellar, suggests a more generous source of income than journalism. Yet Louis heatedly denies any KGB connection and last week professed dismay at the Salisbury introduction. He had agreed to having Salisbury write one, then was upset on reading the result. He tried to have it removed from the book but was reminded that his contract gave him no such right. "At the very least, it is impolite," he complained to *TIME's* Bruce Nelan. "They would not do this to an American author, so why do it to a Russian?"

Said Louis: "I was trying to present a Russian way of thinking. In a book like this you have to take sides. I couldn't be an impartial observer." Certainly no one ever accused Louis of that.

"The Most Dangerous Negro"

A. Philip Randolph spoke for blacks with triumphant passion

With a rich baritone voice that seemed destined to command, an imperturbability under fire, a refusal to bend with the times or the fashions, A. Philip Randolph overcame opposition simply by being himself. The first national labor leader among American blacks, he forged the Pullman porters into a powerful union and pushed two Presidents into conceding crucial rights by threatening a march on Washington and resistance to the draft. Relatively inactive for many years before his death at 90 last week in Manhattan, Randolph seemed remote and perhaps irrelevant to younger civil rights leaders, but there are scarcely any nonviolent tactics in the whole arsenal of protest that he did not employ.

Asa Philip's father, James, a minister in the African Methodist Episcopal Church in Crescent City, Fla., liked to recall the great days of Reconstruction, when blacks served in Congress. The boy was fired with a determination to recover that glory, and he learned early that there was no more potent weapon than the human voice. "I always liked to talk," he admitted. "Dad spoke beautifully and clearly. A word like 'responsibility' trembled with meaning the way he pronounced it." Though Randolph's youthful ambition to become an actor was thwarted by his parents, he memorized several of Shakespeare's tragedies and loved to recite them with rolling cadences.

After graduating from high school in Jacksonville, Randolph went north to the promised land of Harlem, which fell considerably short of expectations. He took odd jobs, attended night school at New York City College, and started reading Karl Marx aloud with the same enthusiasm that he showed for Shakespeare. Feeling that he now had an economic explanation for racial injustice, he joined others on the traditional soapbox to orate, as he put it, on "everything from the French Revolution and the history of slavery, to the rise of the working class. It was one of the great intellectual forums of America." He also started a radical magazine, *The Messenger*, which questioned why Negroes should fight in World War I when they were denied freedom at home. The Woodrow Wilson Administration, which moved to segregate the civil service, labeled Randolph the "most dangerous Negro in America." He was arrested in the same summer as Socialist Leader Eugene Debs, and spent two days in jail.

Stubbornly independent, Randolph was not swept up in the ideological currents of his time, resisting both Communism and the black nationalism of Jamaican Organizer Marcus Garvey. He kept his own counsel, shunning Harlem's high society and enjoying the company of his wife Lucille, a former beauty parlor operator whose spright-

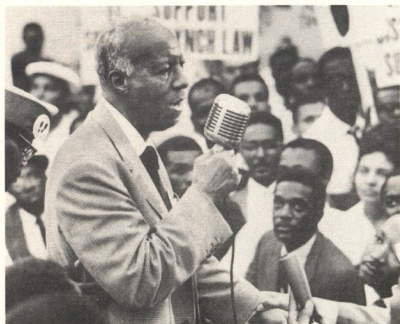
liness contrasted with his own solemnity.

Then, in 1925, he was approached by five Pullman porters who asked him to help organize their fledgling union. Randolph, whose earlier attempts to organize workingmen had largely failed, at first said no. He was not even a member of that fraternity that shined the shoes and cleaned the cuspidors of traveling America. But he soon saw his mission. The outraged Pullman Co. tried to crush the movement, even Negro preachers and newspapers fulminated against the union. But for ten trying years, Randolph exhorted porters across the country. Finally, Pullman capitulated in 1937 and signed its first contract with the Brotherhood of Sleeping Car Porters. Randolph was confirmed in the affectionate title of "Chief."

Now a recognized black leader, Randolph began to take stands on national issues. On the eve of World War II, he was stung by the fact that defense industries were deliberately excluding blacks from employment. After numerous conferences led nowhere, he threatened a mass march on Washington. He was hastily summoned to the White House, where President Roosevelt tried to outtalk him. "He kept cutting in, monopolizing the conversation," complained Randolph, who was not used to such treatment. Randolph refused to budge until an exasperated F.D.R. finally signed an Executive order banning discrimination in defense industries and Government employment.

During the buildup of the cold war in 1948, Randolph once again seized the opportunity to press for change. In an encounter with President Harry Truman that was just as contentious as the one with Roosevelt, Randolph insisted on eliminating segregation in the armed forces; otherwise, he warned that blacks would never bear arms again for their country. "I wish you hadn't made that statement," retorted Truman. "I didn't like it at all." But he, too, eventually capitulated and issued an Executive order banning discrimination in the military "as rapidly as possible."

In later years, as the civil rights scene changed, as the Brotherhood of Sleeping Car Porters declined along with the nation's railways, Randolph's reputation was eclipsed by that of Martin Luther King Jr. and other black leaders. But he was still an insistent voice for moderation in the background. "Don't get emotional," cautioned the man who was always able to exert pressure without getting personally involved. Though he had often been critical of the AFL-CIO for its treatment of black members, he remained totally loyal to trade unionism as a salvation for social wrongs. "We never separated the liberation of the white workingman from the liberation of the black workingman," he emphasized. Whenever a cause needed a symbol of integrity, Randolph was sure to be called—and sure to be there. ■



A. Philip Randolph at civil rights rally in Chicago, 1960

Using a rich baritone voice as a political weapon.

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High Adventure In Colombia

A pair of pilots find more than they bargained for

There were these two American pilots from Houston—that much seems certain. One was William Spradley, a quiet, popular bachelor normally employed as an engine driver with the fire department. The other was Roy McLemore, fiftyish, short, fat and a sometime singer of country music. On April 29 they got into a twin-engine plane at a small airport near Miami and headed south. So far, so good—or bad.

Spradley awoke the next day with a bullet in his back in a small hospital in Riohacha, Colombia. He explained to authorities that he and McLemore had been flying down to Venezuela to pick up oil-drilling bits. But they had had engine trouble near the Colombian coast and were forced to land on a makeshift runway. Then, claimed Spradley, he was set upon by Indians wearing loincloths. They shot him, robbed him and left him by the plane.

Colombian officials had heard such tales before. The Guajira region where Spradley and McLemore landed is rich in marijuana—most of America's pot comes from there (TIME, Jan. 29, 1979)—and for months the army has been cracking down on clandestine flights from the U.S. that swoop in, load up and head north. The Colombians were particularly skeptical when Spradley admitted he could not remember the name of the airport he had taken off from, or his Venezuelan destination, or the company for which he was supposedly working. The missing McLemore, he said, had all the details. The army held Spradley in custody at the hospital.

Spradley's plight seemed minor, however, compared with that of McLemore. Spradley told authorities that the last he remembers seeing his co-pilot was near the airplane during the Indians' shooting spree, "praying out loud."

The story of the two men filtered back Stateside early this month and was made public when a Colombian attorney phoned Dale Everitt, the Houston fire department's public relations officer, and offered to spring Spradley for \$30,000.

Spradley's Houston colleagues rallied to his side and a defense fund was set up. Mayor Jim McConn joined the campaign, hoping to recoup some prestige in the wake of a scandal involving a gambling debt and the indictment of a top fund raiser and aide for extorting kickbacks. In full uniform, Everitt flew to the rescue with Fire Chief V.E. Rogers.

After talking with Colombian authorities and Spradley in the Riohacha hospital, Chief Rogers became convinced that his man might have been seeking some-



Colombian soldiers guarding captured Houston Fireman Spradley in hospital courtyard

"I have had so many stories tossed at me I've just about lost my faith in people."

thing other than drill bits on his ill-fated flight. Said he: "My impression is that it was a marijuana run, a drug deal gone bad. Spradley is not the smartest person in the world." So he decided to head home, leaving Everitt to pick up the pieces.

Co-Pilot McLemore, in the meantime, was being held in a goat-killing pen by the Indians, who were trying to figure out from whom they could demand a ransom for his release. Before leaving Colombia, Rogers received a scrawled message from McLemore: "I am safe and would like to turn myself in but I need help too. Let me know what to do. Roy McLemore."

The next night, McLemore got his captors to take him to a phone. He called Everitt and said that the whole trip had actually been a bungled dope run planned in advance through a contact in Houston. The pilots were to pick up 1,500 lbs. of marijuana and fly it to Lafayette, La. McLemore said he had written a bad check for \$100,000 to his captors, and "this is probably the only thing keeping me alive." He indicated he would try to escape. "Just keep your fingers crossed and I'm going to try to see you by daylight," he said.

An escape, indeed, proved to be necessary, because some of the Indians had taken the check to a bank in Venezuela and found it to be worthless. Last week, the day after talking to McLemore on the phone, Everitt sent him a note: "If you want to get out of here alive, be ready to go at 5 o'clock." Everitt then sent word to the Indians that he would hand over \$100,000 in ransom in return for McLemore. The Colombian army was alerted, and all parties proceeded to the rendezvous in the remote town of Maicao.

Everitt's plan was to seize McLemore

before the Indians realized there was no money. "We were going to snatch him, throw him in the car and leave with him," Everitt says. McLemore, however, apparently made a break for safety earlier than planned, could not find Everitt's car, and jumped instead into an army Jeep. The soldiers, who had been waiting to arrest him, promptly did so.

When told of McLemore's "confession" of their intentions to smuggle pot, Spradley was dismayed. Said he: "I have had so dad-blamed many stories tossed at me, I've just about lost my faith in people." But McLemore later changed his story and agreed with Spradley's drill-bit explanation of the trip.

Even so, the two adventurers still did not get their stories totally straight. McLemore said it was a group of bandits who pounced upon them when they landed, "like starving people who find some meat." He claimed that he had escaped with Spradley in a truck and that his companion had been shot after a wild chase. They were left for dead in a desert until the Indians happened upon them, bringing Spradley to a hospital and kidnapping McLemore.

Curiouser and curiouser, thought the Colombians. But at week's end there was little they could do with the bungling duo but hold them in custody for violating Colombia's airspace, an offense punishable by a fine of up to \$125,000. The Houston fire department hopes the men will be back home in a few days. They may still, however, face an investigation by the U.S. Drug Enforcement Administration, which estimates that several hundred tons of marijuana come in from Colombia each month—minus, of course, the 1,500 lbs. that may or may not have been intended for Lafayette, La.

RHODESIA

The Zimbabwe Dilemma

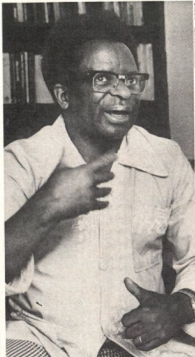
What should the U.S. and Britain do about the Muzorewa regime?

One of the most difficult problems facing both the Carter Administration and the new British government of Prime Minister Margaret Thatcher is what to do about Zimbabwe-Rhodesia, as the breakaway British colony will be known after the June 1 installation of a black-led government headed by Methodist Bishop Abel Muzorewa. Both Washington and London would like to move cautiously on the questions of whether to recognize the new Salisbury government and whether to lift the economic sanctions currently in effect against Rhodesia. Neither capital is convinced that Muzorewa can run his country effectively, and neither is anxious to offend black African states by acting hastily on so sensitive a subject. But last week, in a move that was surprising for the size of its support, the Senate voted 75-19 for a resolution asking President Carter to abolish sanctions against Rhodesia within two weeks after the Muzorewa government is installed.

The vote only expressed the Senate's impatience over the Administration's handling of a highly complex subject, but it embarrassed the President nonetheless. Under the terms of the Case-Javits amendment, approved by the Senate last year, the President is obliged to lift sanctions against Rhodesia if he determines that the Salisbury regime has held elections that were free and fair and displayed a willingness to negotiate with the leaders of the Patriotic Front guerrilla organizations that are waging civil war.

Carter had promised that he would make a decision on Rhodesia by June 15, and had written to Senate Majority Leader Robert Byrd urging him "not to support any initiative that would preempt existing law or prejudice the issue at stake." This is exactly what Senator Jesse Helms, the North Carolina Republican who has long supported the white Rhodesian cause, had been thumping for. When Helms' position seemed to be gaining strength last week, the Senate settled for a compromise resolution that was not legally binding on the President. But one senior White House aide acknowledged that "some policy alterations look inevitable" in light of the Senate action.

Carter has consistently tried to avert a future crisis in which the U.S. might find itself aligned with the white-led regimes of southern Africa against black African armies backed by Cuba and the So-



Prime Minister-Elect Abel Muzorewa



Britain's Foreign Secretary Lord Carrington

The West would do well to hold judgment.

viet Union. With this in mind, the U.S. and Britain have been trying for the past two years to assemble an all-parties conference on Rhodesia that could lead to peace and black majority rule.

That plan went awry last year when Rhodesian Prime Minister Ian Smith made a shrewd deal with three moderate black politicians to form an interim black-white government and prepare the country for his own version of black majority rule. That version enables the country's 212,000 whites to have a disproportionately large representation in Parliament and retain control over the police, the army, the judiciary and the civil service for at least ten years. Last month's elections, though far from perfect, were successful to the extent that they produced a black Prime Minister and an estimated 64% turnout of eligible voters. Andrew Young, U.S. Ambassador to the United Nations, has denounced the elections as fraudulent because candidates loyal to the Patriotic Front leaders were excluded. In answer, critics of Young argue that it is most unlikely that the guerrilla organizations would allow any free elections at all.

Secretary of State Cyrus Vance was due to be in London for three days this week, primarily to discuss the Rhodesian problem with the new British Foreign Secretary, Lord Carrington. Both men will be scratching hard for some new ideas. Indeed, one Foreign Office veteran wonders if either Carrington or Vance will say to the other, "Have you thought up any dodge that I haven't thought up?"

Some Tory right-wingers would like the Thatcher government to recognize the new government in Salisbury immediately. The Prime Minister, however, is well aware that Britain cannot afford to offend African members of the Commonwealth. One index of their growing importance is that Britain's trade with Nigeria now exceeds its trade with South Africa. Nevertheless, as an indication of current Tory sentiment, Thatcher has decided to send a senior envoy to Salisbury, replacing the junior official there now. The prevailing view in Whitehall, however, appears to be that action on both recognition and sanctions can be delayed until after the Organization of African Unity's meeting in July and, more important from London's point of view, the Commonwealth Conference in Lusaka, Zambia, in early August. Similarly, President Carter is being urged by some of his advisers to welcome the Rhodesian

elections as a step in the right direction. After that, these advisers believe, the Administration should wait three or four months before taking any action to see how things go in the new Zimbabwe-Rhodesia, both in terms of the war and majority rule.

In Salisbury, government officials were greatly heartened by the Senate vote. Ian Smith called it "refreshing and hopeful," and the black Co-Minister of Foreign Affairs, Kesiwe Malindi, declared, "I am confident that President Carter, himself a champion of human rights, cannot continue to ignore the welfare of Zimbabweans and the wishes of his own Congress." Some officials in Salisbury are convinced that Washington and London will insist on a high price for recognition and an end to sanctions. Among the possible demands: the complete and final retirement of Smith, who is believed to be angling for the powerful war post of Minister of Defense and Combined Operations; another round of elections, this time under international supervision and with the participation of the Patriotic Front. Since these conditions, if met, could easily lead to Muzorewa's downfall, his acquiescence seems unlikely.

For the moment, the bishop seems intent on stepping up the antigerrilla war; under certain circumstances, he might well be able to count on troop support from South Africa. That kind of commitment by Pretoria could encourage the Patriotic Front leaders, Robert Mugabe and Joshua Nkomo, to lean more heavily on Cuba and the Soviet Union. Some American advocates of lifting sanctions question whether there would be greater Soviet pressure in the region, arguing that Moscow's fear of jeopardizing Senate passage of the Strategic Arms Limitation treaty will curtail its role in southern Africa. U.S. intelligence officials are more worried about Cuba's intentions in the conflict. According to latest reports, there are now 20,000 Cuban troops in Angola, 13,000 in Ethiopia and 2,000 scattered in camps around Mozambique, where they have been aiding and training Mugabe's guerrillas.

The real question about Muzorewa is whether the mercurial bishop can establish his authority over his country. He could start by dropping Rhodesia from the name of his country, by launching a badly needed land-reform program and by discarding some of the constitution's least justified guarantees for whites. Both the White House and Whitehall seem to take it for granted that any move in favor of the Salisbury regime would jeopardize their relations with black African states. Yet some Western diplomats on the continent think that a number of those nations, which have no ironclad commitment to the Patriotic Front, would tolerate an easing of sanctions if Muzorewa began to deliver on his campaign promises of peace and social justice. Until then, both London and Washington would do well to reserve judgment. ■

IRAN

There Is a Contract on the Shah

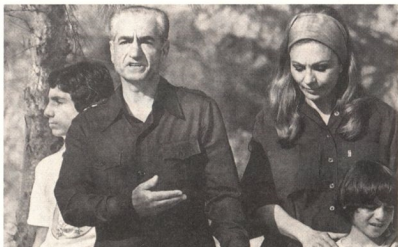
Revolutionary trials are curbed, but so is the press

At least 213 defendants—including businessmen and news commentators as well as generals and politicians who served the old regime—have been executed by Iran's revolutionary tribunals, which pay little attention to such legal niceties as providing counsel for the accused. Last week the spiritual leader of Iran's revolution, Ayatollah Ruhollah Khomeini, belatedly took action to curb the killings. Khomeini issued an edict limiting the death sentence to those found guilty of murder, torture leading to death or the ordering of a massacre.

Khomeini's reprieve could spare many of the 1,500 political prisoners now awaiting trial at Tehran's Qasr prison. It might also mollify some Shi'ite leaders, including Ayatollah Sharietmadari, who believe that the tribunals should be more se-

guards believed that a death squad from the Palestine Liberation Organization had attacked. More recently, a group of Bahamian intellectuals has been agitating to have him expelled. Last week one of his close confidants told TIME that the Shah was considering a permanent haven in a Latin American country, perhaps Panama or Mexico.

Wherever the Shah ends up, there will be fewer Iranian newspapers around to report it. Apparently angered by an article about Forghan, a terrorist group that last month killed a member of Iran's ruling Islamic Revolutionary Council, the Ayatollah Khomeini declared that he would never again read *Ayandegan*, Tehran's leading morning daily (circ. 400,000). After thousands of rock-throwing demonstrators massed at the paper's office, edi-



Mohammed Reza Pahlavi and Empress Farah at a press conference in the Bahamas

Anyone who wants to assassinate "these people" would be absolved of all blame.

lective in their pursuit of revenge against the followers of the toppled Shah. But there will be no mercy for the Shah himself. Speaking at a pro-Palestinian rally, Ayatollah Sadegh Khalkhali, head of Tehran's revolutionary court, issued a worldwide murder contract for the exiled monarch, several members of his family and his closest advisers. "Anyone who wants to assassinate these people," Khalkhali proclaimed, would be considered "an agent of the Islamic Revolutionary Court." The owner of an Iranian newspaper offered an all-expenses-paid pilgrimage to Mecca to anyone who killed the Shah.

The new death threat will add to the jitters of the Shah and his family, who are luxuriating in a heavily guarded compound on Paradise Island in the Bahamas. The Shah's daily routine of jogging, swimming, golf and tennis was disrupted three weeks ago by a power failure; his panicky

tors published a farewell issue consisting of a front-page editorial and three blank pages. Said the editorial: "Until the government clarifies its position regarding the press and guarantees our professional rights, we cannot produce the paper."

When the afternoon *Kayhan* published a facsimile of *Ayandegan's* final front page, the Islamic Workers' Council at the newspaper's print shop staged a three-hour strike that ultimately led to the dismissal of 22 "leftist" journalists from the staff. After other staff members walked out in protest, the workers' council brought out an edition themselves and took copies to Khomeini's headquarters in the city of Qum. Their action was praised by the Ayatollah, who intoned that "the press must print only what the people want." Some Iranian journalists believe that Khomeini's followers may be trying to purge all potential critics from the press. ■

World

MIDDLE EAST

The Rising Cost of Peace

Both Egypt and Israel are beginning to feel the pinch

"The dogs can go on barking—but they will not stop the caravan." So said Egypt's President Anwar Sadat last week, in a brave dismissal of critics within the Arab world who have denounced him as a traitor for signing a peace treaty with Israel. In fact, those "dogs" yapping at Sadat have plenty of bite. The truth is that the cost of peace for both Israel and Egypt is beginning to hurt in earnest.

Ostracized politically by 18 Arab countries that have broken off diplomatic relations with Cairo, Egypt has been dealt a series of punishing economic blows and now faces the threat of more to come. First, Saudi Arabia appeared to renege on its year-old promise to buy 50 U.S.

in three inter-Arab companies with a total capital of \$2.8 billion. Although it did not specify exactly when the decision would take effect, the Arab Civil Aviation Council voted to close Arab airspace to Egypt's national airline, EgyptAir, and ordered its 17 member airlines to suspend flights to Egypt.

Egyptian periodicals and films have been banned from almost all the boycotting countries. Even the World Tourism Organization, a loose association of governmental travel bureaus that develops package tours in the Middle East, abruptly moved its regional headquarters from Cairo to the Jordanian capital of Amman. Reminded of the longstanding Arab boy-

sion (2.58% annual birthrate) and limited foreign exchange, Egypt could still suffer severe economic damage from an intensified or even prolonged boycott.

The outsider who seemed to understand this best was Israeli Premier Menachem Begin. Last week he pointedly expressed his own concern for Sadat's "isolation" and said, "We should like to help President Sadat as much as we can." That offer was more striking in light of Begin's own peace-related problems: a major political row between his Likud coalition government and the Labor opposition and an angry split in his own Cabinet.

At issue was the precarious state of Israel's economy and the potential financial costs that the peace entails. As it withdraws from the Sinai Peninsula in accordance with the peace treaty, Israel plans to relocate three airbases and other installations in the adjoining Negev desert at a cost of \$4 billion over the next three years. The U.S. has promised to provide \$3 billion—\$2.2 billion in loans and \$800 million in grants. Coming up with the remaining \$1 billion will impose a fearsome new burden on Israel's economy, already reeling under a total foreign debt of \$16.5 billion and 60% inflation.

Last week the government conceded that the cost of living for April had jumped a shocking 8.7%, more than 100% if projected over the entire year. The admission provoked howls of alarm that the country could be heading toward uncontrollable triple-digit inflation. Finance Minister Simha Ehrlich proposed a stringent plan to reduce inflation by 1981 to 40%, at best, by slashing \$1.5 billion in government spending, including \$650 million from the defense budget. At that, Defense Minister Ezer Weizman, who has been seeking a 40% increase to defend the narrower peacetime borders, angrily bolted from the Cabinet meeting. Opposition leaders demanded that Ehrlich resign, and Begin was forced to postpone the ministerial vote on the plan. Nor was that all. At week's end the mercurial Weizman also rapped Begin's proposed plan for Palestinian autonomy and threatened to quit the Israeli negotiating team.

The cost of peace for both countries thus appears to be higher than anyone had anticipated in either Cairo or Jerusalem—or Washington. "The hostility toward the treaty is more intense than I expected," admits Middle East Envoy Robert S. Strauss. But optimists on both sides emphasized the hope that if peace goes forward successfully, the immense military budgets can eventually be reduced. "When we speak about the cost of peace," says an Israeli banking official, "we cannot forget the cost of war." For the present, the "caravan" of the peace process was still advancing; this weekend both Egypt's and Israel's beleaguered but determined leaders will meet to preside over Israel's withdrawal from the city of El Arish in the northern Sinai.



F-5 fighter planes for Egypt at a cost of \$525 million. Then Saudi Arabia and Kuwait both threatened to withdraw their \$1.6 billion in petrodollars from the Central Bank of Egypt.

Next, the Gulf Organization for the Development of Egypt, a consortium of oil-rich Persian Gulf states that philanthropically pumped \$1.7 billion into Egypt last year, advised Cairo that it was scrapping all pending projects. Finally, the Arab Organization for Industrialization, which was set up in 1975 to produce everything from helmets to helicopters with Egyptian manpower and \$1.4 billion in financing from Saudi Arabia, Qatar and the United Arab Emirates, abruptly halted its operations. As a result, 16,000 Egyptians stand to lose their jobs.

Egypt was also suspended from the Organization of Arab Petroleum Exporting Countries and will thus lose its shares

cott against Israeli commercial interests, one U.S. businessman in Cairo concluded: "We're faced with a new Arab blacklist."

Officials in Cairo insist that the country will weather the boycott. To counter the possible withdrawal of Saudi and Kuwaiti petrodollars, for example, the Central Bank reportedly will refuse to pay up. To rescue at least some of the A.O.I. arms contracts, Cairo hoped to go ahead with independent Egyptian production of military Jeeps designed by American Motors and Swingfire antitank missiles manufactured under British license.

Mostly, Egypt has been banking on the \$3 billion in aid it expects from the U.S., West Germany, Japan and the World Bank. Cairo officials insist that their country can remain solvent enough to maintain the huge food subsidies that are essential to Egypt's internal stability. "There is no chance we will face food riots like those of January 1977," a government economist said confidently. But with 30% inflation, a population explo-

*Of the 22 members of the Arab League, only Oman, Sudan and Somalia still maintain embassies in Cairo and have not joined the boycott.



Saudi Arabia's Foreign Minister Prince Saud; one of the F-5 jet fighters that the Saudis had promised to buy for Egypt; Crown Prince Fahd in Paris

Clear Difference

Riyadh and the U.S. at odds

Less than a year ago, Secretary of State Cyrus Vance described the connection between the U.S. and Saudi Arabia as a "special relationship." That is no longer so. Though the Carter Administration has been exceedingly slow to realize the depth of Saudi anger and bitterness over the Egyptian-Israeli peace treaty, it is now obvious that the era of Saudi Arabia's almost total reliance on the U.S. has come to an end. Vance has acknowledged that there is now a "clear and sharp difference" between the foreign policies of the two countries.

The Saudis have been increasingly critical of U.S. policy for some time. They felt that Washington failed to give all-out support to their ally the Shah of Iran, thereby contributing to his downfall. The Saudis are appalled by the profligate American attitude toward oil consumption. More recently, they have been angered by stories that CIA agents had reported home that the Saudi royal family was split in its policy over Egypt and that the power of Crown Prince Fahd, generally assumed to be the country's *de facto* ruler, was in decline.

The beginning of the rift dates back to Egyptian President Anwar Sadat's historic trip to Jerusalem in November 1977, and especially to the Camp David negotiations in September 1978. The Saudis, who felt that they should have been consulted during those talks, are deeply upset that Sadat's initiative has had the effect of splitting the Arab world, and of increasing the influence of the radical Arab states. The Saudis are also distrustful of the terms of the peace treaty itself. As Foreign Minister Prince Saud said early this month: "It is impossible to admit any settlement not based on the return of Jerusalem to its 1967 status as an Arab and Muslim city." Crown Prince Fahd took the same line when he declared during a visit to Paris last week: "We either live in Jerusalem, or we die for it... Our position is final."

Sadat is convinced that the Saudis no longer intend to live up to the commitment they made last year to supply Egypt with \$525 million worth of U.S.-made F-5 jet fighters. There has also been speculation of late, some of it float-

ed by Sadat himself, that Saudi Arabia was thinking of canceling its deal to buy 60 U.S.-made F-15 jet fighters, and would choose France's Mirage 2000 instead. The sale of the sophisticated F-15 was the subject of heated debate in the Senate last year. The Carter Administration was determined that the sale should go through, not only to assure the Saudis that Washington valued their friendship highly, but also as a way of strengthening the military relationship between the two countries. Despite the latest rumors, Fahd insisted last week that his government still wants the American planes.

Until now, the Saudis have relied almost exclusively on the U.S. for their defense, and in turn have tried to adapt their oil policy to American needs, if not al-

ways to as great a degree as Washington might wish. Today they regard their friendship with the U.S. as important but no longer crucial. They strongly oppose the Egyptian-Israeli treaty, in part because they believe it will strengthen the radical Arab forces that they themselves fear. And they no longer regard Sadat as indispensable.

For their defense needs, the Saudis could easily turn to France (which carefully refrained from being overly enthusiastic about the peace treaty) or Britain, and conceivably they might even begin to buy arms from the Soviet Union. In a way, it is the classic end of an affair: the dependence of one partner, Saudi Arabia, is on the decline, and the dependence of the other, the U.S., is greater than ever before.

TAIWAN

Absorbing the Painful Blow

Rising confidence on an island republic

In a back alley in Taipei on April 16, a new era began in American diplomacy. Fifty former staffers of the U.S. embassy in Taipei quietly opened the American Institute in Taiwan, taking over quarters that had once been occupied by the U.S. military. In the Taiwan Relations Act, passed by Congress in March, the institute is described as "a nongovernmental entity incorporated under the laws of the District of Columbia." In fact, it carries out virtually all of the functions of the old U.S. embassy, which closed after Washington normalized relations with Peking and broke off diplomatic ties with the Republic of China.

The U.S. decision last December to recognize Peking was greeted with outrage and dismay in Taiwan. President Chiang Ching-kuo denounced the move as a betrayal, saying that never before had the U.S. severed diplomatic relations with an ally. Two weeks after the announcement, U.S. negotiators, led by Deputy Secretary of State Warren Christopher, arrived in Taipei to discuss a new relationship. Christopher and U.S. Ambassador Leonard Unger were slightly injured when their car was attacked by angry demonstrators and the windows shattered. Christopher promptly warned that the talks would be called off unless the government guaranteed the safety of

his mission. Shocked by the unexpected violence, though his government had encouraged the demonstrations, Chiang agreed to ensure the safety of the delegation.

Five months after the painful break in relations, Taiwan not only seems to have absorbed the blow but to be more confident than ever of its future. Privately Taiwanese officials admit that the U.S. move has even had a number of unexpected benefits. The opening of the euphemistically named institute, for example, may encourage other nations that do not recognize the Republic of China to establish a quasi-diplomatic presence on the island in the hope of not unduly antagonizing Peking. Says one senior Taiwanese official: "There are a number of people in Taipei who feel the institute might be used as a blueprint for other important free nations that now have no relations with us."

Taiwanese officials note with satisfaction that no other nation followed the U.S. lead in breaking relations with the Taipei regime. They also allege that Washington encouraged South Korea to recognize Peking; instead, Seoul showed its commitment to Taiwan by sending its Foreign Minister to Taipei on an official visit. Only 21 countries, mostly Latin American and African, still have diplo-

Interview with Taiwan's President

"For our safety, all possible precautions"

matic relations with the Republic of China; they include such important trading partners as South Africa and oil-rich Saudi Arabia. Since the break in relations with the U.S., in fact, there has been only one major change on the Taipei diplomatic scene: Uruguay, formerly represented by a charge d'affaires, now has an ambassador.

Underlying Taiwan's optimism about the future is the island's burgeoning economic strength. Last year the republic had a 12.8% real growth in gross national product, based largely on a foreign trade of \$23.7 billion, greater than that of the mainland. Two-way trade with the U.S. amounted to \$7.4 billion, making Taiwan America's eighth largest trading partner. Total foreign investment, mainly from the U.S. and Japan, is \$2 billion. Though some of this dates back to the 1950s, about \$500 million has been invested so far in 1979 alone. Some American companies, including Ford, Chrysler, Bechtel and Westinghouse, are plowing new money into Taiwan. At the end of 1978, Taiwan's foreign exchange reserves stood at \$6.5 billion—not bad for a nation of only 17 million. Unemployment is a tiny 1.2% of the working population. Says Economic Affairs Minister Chang Kwang-shih: "I sense that American businessmen think that some of the uncertainties have been removed and that the environment here is one that is conducive to investment. My main problem is to keep our economy from growing too fast. We are striving for growth with stability."

Barring an unforeseen blowup with Peking, the Republic of China will probably continue on its profitable and stable course for some years to come. Four things could upset this optimistic outlook and inspire Peking to resolve the Taiwan question. The first would be a declaration of independence by Taiwan, which would end once and for all the myth of "one China." At present, the subject is taboo on Taiwan, mainly because of fear of the violent reaction from Peking that would almost certainly follow such a move. The second would be a threat by Taipei to play its so-called Russian Card, seeking Soviet aid to balance the threat from China. President Chiang spent more than a decade in the Soviet Union and his wife Faina is Russian, but his animosity to Communism in any form makes this course seem unlikely. The third factor is Taiwan's continued refusal to negotiate better relations with the mainland. China's Vice Premier, Deng Xiaoping (Teng Hsiao-p'ing), has cited this hostile attitude as one that could cause Peking to take drastic action. Finally, if Taiwan were diplomatically isolated and torn internally over China's offer of a peaceful reunion, Peking might decide that invasion was a practical alternative for settling the issue. Given Taiwan's booming economy and its impressive armed forces, this last alternative seems remote. ■

Long overshadowed by his father, Generalissimo Chiang Kai-shek, Taiwan's President Chiang Ching-kuo, 69, has emerged as a capable, hard-working leader who spends much of his time visiting with citizens of the island republic. In an interview with TIME Hong Kong Bureau Chief Marsh Clark, Chiang expressed considerable optimism about the future of Taiwan. Excerpts:

On the normalization of U.S.-China relations: We did everything possible to prevent that nightmare from taking place. However, it did occur. If I were to say that the change has had no damaging effect at all, that would be wrong. There are still



Chiang Ching-kuo makes a point

After the first shock, new optimism.

people who feel hurt psychologically. The two weeks after Dec. 16 [however] were the most unstable period. The stock market dropped, and the exchange rate between the U.S. dollar and the New Taiwan dollar on the black market rose to NT \$43 for \$1. Domestic and foreign investors seemed to be reconsidering their investments. But it seems to us that since January the situation has improved.

On the U.S. role in the region: I feel that the Sino-American Mutual Defense Treaty was important to the Republic of China [Taiwan] and also to the U.S. For the good of the U.S. as well as the republic, this treaty should be kept in effect. But President Carter has already announced his intention to terminate it at the end of this year. Congress has passed the Taiwan Relations Act, saying that the U.S. continues to be concerned about the security of the republic. I think that is very important in terms of the U.S. strategic position in this part of the world. If the U.S. lost its pres-

ence here, then the damage to the security of the world would be much more serious than the fall of Viet Nam. It would cause serious defense problems for Japan, the Philippines, Singapore and other countries in the region.

On Taiwan's defense: We have 17 million people trying very hard to preserve freedom and stability here. If any crisis should occur, they would unite to counter the challenge. If Communist China were to take military action against us, many people there would oppose it, and it would lead to an antiwar movement and perhaps even a civil war. That possibility will prevent the Communists from taking military action against Taiwan. You must [also] consider the natural barrier between us, the Taiwan Strait, which is 100 miles wide at its narrowest point and 120 miles at the broadest. [The Communists] would have to be prepared to sacrifice 1 million, 2 million or even 3 million people in an invasion that would also involve a great logistical problem for them. But for our part, we cannot rely on such assumptions for our safety. We must take all possible precautions.

On China's "Four Modernizations": The Chinese Communists themselves understand that it won't be easy to achieve such an ambitious venture. Why, then, did they announce the program? The purpose was simply to fool the Americans and other foreigners, to attract their attention. The same is true of the "Big Character Posters" on Democracy Wall. The Four Modernizations were designed to give the outside world the impression that the mainland was going to turn into a huge market. But in fact no country can be modernized unless it can first modernize its thinking and its political system. Unless Communist China does this, it can never succeed with the Four Modernizations.

On Taiwan's future: I am always optimistic. The first thing we must do is establish stability and ensure our survival. After that we can concentrate on development and finally we can attain victory. I would like the American people to realize that their genuine, true friends are here in this country. I have every confidence that we can continue our friendship. There is a Chinese expression that no one can wield a knife to cut the ties between two close friends.

On Peking-Taipei relations: Any "contacts" or "ties" would just be a tool used by the Chinese Communists to undermine our psychological defenses against Communism. ■

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The brightly lit lobby of Pyongyang's Mansudae Art Theater

NORTH KOREA

Discipline and Devotion

Color the land red for revolution

With one hand lifting up the falling sky, with the other holding up a glinting scimitar, by one lightning stroke he shakes the whole earth." Thus, in language that might have made Mao Tse-tung blush, does one popular song in North Korea stress the godlike omnipotence of President Kim Il Sung, 67. As shrewd and tough as he is vainglorious, Kim since 1948 has been the dictator of a belligerent, doctrinaire state that for sheer xenophobia is rivaled only by Albania inside the Communist world. In pursuit of his goal of reuniting the Korean peninsula under his rule, Kim has gingerly begun to open up his country to the West. Two weeks ago, North Korea's capital, Pyongyang, was the site of the world table tennis championships and reunification talks between Kim and United Nations Secretary-General Kurt Waldheim. Among the few American reporters who have been allowed to travel inside North Korea is TIME Tokyo Bureau Chief Edwin Reingold. His report:

Pyongyang is a mecca for every true son and daughter of the new socialist Korea, and red, appropriately, seems to be the city's favorite color. There is red in the paint freshly applied to the showcase capital, as well as in the cherry and plum trees that fill the parks and line the streets. "Oh, our Pyongyang," sings the chorus in one revolutionary opera. "Beautiful is the red socialist capital. With boundless joy we have come to the Pyongyang we have always longed for. Our leader is here in the revolutionary capital, which is the fountainhead of all our happiness."

The city abounds in parks, playgrounds, monuments and museums dedicated to Kim Il Sung. The architecture

of public buildings is monumental in scale; lobbies are hung with crystal chandeliers that soar to dizzying heights, while no ceiling seems lower than 15 feet. Statues and busts of Kim are everywhere, as are portraits of him gazing watchfully down on his people.

And they are his people. The litany of praise for Kim and all his works is astonishing; it is a cult of personality without parallel. Kim has been endowed with the attributes of an immortal: he can be in more than one place at the same time, can travel distances at unheard-of speed, and knows all there is to know. In its zeal to create a living legend, North Korea has preserved a bewildering variety of Kim memorabilia: mats he sat on, pencils he used, even an empty jar that had once held *kimchi* (the potent, spicy relish made from fermented cabbage), which he once "looked into" while visiting a peasant family. Surprisingly, North Koreans know little about the private life of their great father-teacher. Most people do not know the name of his wife (Kim Sung Ae) or how many children he has (at least two). They are, however, aware of his eldest son, Kim Jong Il, 36, a party functionary. The official publicity campaign on his behalf suggests that Kim the younger is being groomed to succeed his father.

Indoctrination begins with the children. Their step brisk, their clear voices echoing through the broad and near empty streets of Pyongyang, children can be seen and heard marching to school. They also march to work and study sessions, some as late as 11 p.m. In top-of-the-lung, declamatory style, they keep step and



Toddlers at play in a Pyongyang nursery school, where children are kings

shout back programmed answers describing the young Kim catching a rainbow, stoning hated Japanese ships at anchor, or diligently studying his lessons. Says Mrs. Kim Yung Suk, 55, principal of the September 15 Nursery School: "The great leader told us there is nothing in our country but the children, and they are kings. I used to hear children crying, but not any more. That is why all the people follow the teachings of the great leader Kim Il Sung. All the people love the great leader. In the South the people are miserable. Families are separated, and that is why our President says we must have reunification."

North Koreans know almost nothing about the rest of the world. It is estimated that no more than 100 trusted officials are allowed to leave the country with any frequency. Partly as a result, North Koreans are wary of the foreigner, but very inquisitive. They want to know what his nationality is, where such things as



Kim Il Sung button

Kodak film come from, and if other countries have subways (Pyongyang's lightly traveled, 15-mile underground railway can only be compared with Moscow's for opulence and cleanliness). North Koreans believe that the South is a pitiful place, instead of the booming—if problem-filled—country it is. Out of ignorance, but also out of a nationalism they share with the South, North Koreans are convinced not only that their country is the best in the world, but that they can accomplish any task to which they set their minds. All personal and national goals can be accomplished in the spirit of *juche*, or self-reliance.

In the countryside, there are hints that life still has much of its traditional character. Old-style tile roofs with gracefully upturned corners mark the many individual family houses still prevalent in the villages, while oxcars and even pet animals are seen in farming communities. At rice-



SCAL FOR

A cavernous station on Pyongyang's subway, which can be compared only with Moscow's for opulence and cleanliness

planting time, as in South Korea, everyone is in the fields, old people as well as children. New technology, however, is being applied, and there are plenty of tractors and rice-transplanting machines at work. The military is more visible in the countryside than in the city. Bridges and major roads have guardhouses, searchlights and portable roadblocks. At rural stations, soldiers can be frequently seen boarding and leaving trains.

It is in Pyongyang, however, that Kim Il Sung's new order is more deeply felt. For a city of 1.3 million people, it is curiously still. Factories with as many as a thousand people operate silently behind closed doors. Working hours are staggered, which means that the streets are often more crowded at night than during the day. In Pyongyang, smartly dressed police direct the city's light traffic, but it is the drivers of official Mercedes who take possession of the streets, often scattering the few pedestrians in sight. No wonder bicycles are banned from Pyongyang as "too dangerous."

Still, life is not all work and studies in Kim's thought. On a recent spring Sunday, boys and girls strolled along the capital's Taedong-Gang riverfront; the lady in charge of rowboat rentals blew her whistle constantly to keep the boats in order. A stream of ferryboats carried passengers up and down the river to several recreational grounds. Under the trees, groups of men studied textbooks while others huddled around and kibitzed on chess players. At Ryongwang-Jong Pavilion, girls in colorful silk costumes flirted with boys, took one another's picture or just chatted away like young women anywhere. For a moment, life in this quiet capital seemed naively wholesome, a 19th century tableau of delight in simple pleasures, unaware of any world beyond the self-proclaimed "workers' paradise" made in the shadow of the great and omnipresent leader. ■



Scene from the revolutionary opera *Song of Paradise*, with Kim's birthplace as backdrop

Workers' apartments in North Korea's capital, where red is the favorite color



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World



Aga Khan and his wife at the races

FRANCE

A Horse Opéra

An American vs. the Aga Khan

When he assumed spiritual leadership of the 20-million-member Ismaili sect 22 years ago, the Aga Khan was asked whether he intended to maintain his grandfather's famous racing stables. "I'm not much for sport," replied the prince, then 20. "I don't know what I'll do with the horses." Quickly enough the young heir developed a passionate interest in what he described as "a game of chess with nature"—the breeding of horses—and today he reigns supreme over the French horse-racing establishment. His sport has led him into a bitter dispute over a multimillion-dollar string of Thoroughbreds.

The Aga Khan's antagonist is Wayne Murty, 42, a leading U.S. horse trader and bloodstock agent from Lexington, Ky., and the clash concerns the racing stable of French Textile Tycoon Marcel Boussac, who went bankrupt a year ago. Among Boussac's 200 or so Thoroughbred horses are some of the most sought-after broodmares in the business.

Seven days before Boussac declared personal bankruptcy, Murty made a deal to buy 56 of his horses. The price: \$840,000, a bargain-basement figure for Thoroughbreds whose breeding potential alone is worth millions of dollars. Two days after his purchase Murty was approached by a French bloodstock agent, Victor Thomas, who often acts for the Aga Khan. Perhaps hoping he could strike a deal with the prince, Thomas asked the American if he would resell the horses for a commission. Murty says that when he refused, Thomas threatened to have the sale killed: he pointed out that he had friends in the French government and in France's Jockey

Club who would make certain that Murty's horses never left the country.

Sure enough, when Murty tried to move his stock out of France, the shipment was blocked by Jean Romanet, head of the Jockey Club, and by Henri Blanc, of the state-owned National Stud. For reasons still murky, they refused to sign export licenses, claiming that they were acting under orders from the Agriculture Ministry. But ministry officials denied any knowledge of the affair, says Murty. At about this time the National Stud received a donation from the Aga Khan of three stallions, worth at least \$90,000. Says Murty: "I believe the Aga Khan gave the stallions as a favor to the National Stud for stopping my horses from leaving the country." Replies the Aga Khan: "I didn't need the horses. They didn't square with my breeding program. Better to donate them than to shoot them."

Moving behind the scenes, the Aga Khan had made a separate bid of \$9.3 million to Boussac's receivers for 144 of the stable's horses, as well as \$1.3 million for the Murty stock. Arguing that it was in the interest of Boussac's creditors to see the equine assets sold to the highest bidder, a bankruptcy court in Paris overturned the Murty deal, ordered the American to hand back his 56 horses to the receivers and told him to wait with other creditors for the return of his money.

A furious Murty appealed the bankruptcy decision to a higher court and won a verdict under which the receivers returned to him just under \$400,000—less than half of what he had paid. But the court did not definitively settle the question of the ownership of the horses. Murty took his case to an even higher court, and has just proffered a bid for the horses that is more than \$200,000 higher than the Aga Khan's latest offer, \$1.5 million.

The receivers are expected to reject Murty's latest offer. He charges that they have been under pressure all along to favor the Aga Khan's bid, which was well below what a public auction might have realized. The prince got some first-class mares, Murty says, but still was not satisfied. "He wanted to corner the market on the Boussac mares." The Aga Khan's response: "I don't see why I should be heaped with insults just because Murty took a bad business risk." Had Murty "made a more reasonable bid in the beginning, none of this would have happened."

French breeders are privately pleased to see Murty defying the Aga Khan and his pervasive influence in the French horse-racing world, but they do not give the American much chance of success. For his part, Murty is preparing to file lawsuits in the U.S. against not only the two French officials but also a representative of the receivers and the Aga Khan himself. Growls Murty: "I've never come across such a goddam swindle in all my life."

LATIN AMERICA

Fidel Returns

Castro seeks help from a friend

It had been 23 years since Fidel Castro, then a beardless young rebel of 30, set sail with a revolutionary band of 81 guerrillas from the Mexican port of Tuxpan for Cuba's Oriente province. Last week the hirsute Cuban leader returned to the land from which he had launched his successful revolt against the government of Fulgencio Batista. At the invitation of President José López Portillo, Castro made a 32-hour visit to the resort island of Cozumel, with a brief stop on the mainland. Between meetings with López Portillo, who effusively welcomed him as "one of the personalities of this century" who had "restored dignity to Cuba," Castro inspected Mayan ruins in Tulum, and ogled bikini-clad American tourists.

The Cuban President wants Mexico's help in persuading the U.S. to lift the economic embargo it imposed on Cuba in 1962. In a statement aimed at the U.S., Castro praised Mexico for an oil policy that had "clearly expressed that you do not propose to view Mexico's oil development as a part of North American oil needs." Castro drew a sharp contrast between the goals of his own trip and that of President Carter three months ago: "We haven't come to seek oil or gas, which seems to be the fashion these days."

López Portillo, too, sought political advantage from Castro's visit. With elections set for July 1, he wants to appeal to leftists and labor union members, who are clamoring for higher wages to offset Mexico's soaring inflation rate. Among the prominent people he invited to welcome Castro were the heads of four leftist political parties, including the Communists.



López Portillo (right) greeting Castro
More than nostalgia was involved.

Economy & Business

Prices: Some Small Relief

TIME's economists figure that the peak is past and recession is ahead

Inflation, the nation's inescapable mugger, has been ripping off Americans' buying power at a painful 13% annual rate for the first three months of the year. Now the rampage is waning, but it is far from over. That is the conclusion of the TIME Board of Economists, which met in Manhattan last week to examine the future course of business. Board members cautioned that, although the rapid rise in prices will slow, inflation will continue at a punishing double-digit pace into summer and remain a burden for at least the next two years. Says Joseph Pechman, director of economic studies at Washington's Brookings Institution: "The econ-

ing inflation it will be. Said David Grove, a consultant to IBM and other major companies: "It would be better to take our medicine quick."

Other key points made by the ten-member board:

- Unemployment will climb from 5.8% now to a peak of 7.3%, or perhaps higher, by the second quarter of 1980.

- Though no new Government spending programs are in sight, the federal budget deficit will be far more than the \$28.4 billion the Administration is forecasting for fiscal 1980 because the recession will reduce tax revenues.

- A tax cut for both individuals and corporations is probable next year.

- Interest rates are nearing their peak, and, though they will continue to rise for the next month or two, they will begin to level out or decline by summer.

- Inflation will run at an annual rate of 8% by next December, then slip to 7% by December 1980. A major reason for this slowdown is that the recent rate of price rises is unlikely to continue. In the first quarter alone, fuel jumped at an annual rate of 25%, and home financing, including mortgage rates, taxes and insurance, shot up 26%.

Walter Heller of the University of Minnesota suggests that most of the bulge in energy costs, caused by OPEC's recent boosts in world oil prices, will have worked itself through the economy fairly soon. Even though more increases are expected this year, he says, "I don't think the news ahead of us on oil will be as grisly as the news behind us." Heller also expects some relief on the food front by summer, though the price of beef will continue to be hefty while cattlemen rebuild their still skimpy herds. At the same time, production of pork and poultry is increasing, there are abundant "carryover" supplies of corn and soybeans from last season's harvests, and, says Heller, "the winter wheat crop looks great."

But the surest way to ease the upward pressure on prices is an economic slowdown, and the TIME economists see signs of recession proliferating. In April, personal income rose by an anemic .3%, down from 1.2% in March. The real volume of retail sales has declined during most of the year so far, and car sales are falling. The index of leading indicators has dipped for three straight months. From March to April, industrial production dropped 1% and housing starts fell 2%. The nation's savings banks had a record net outflow of \$1.1 billion last month.



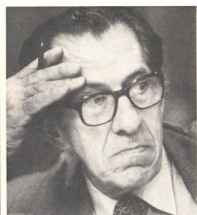
JOSEPH PECHMAN: "We have seen the peak of inflation in the first quarter."

Since savings banks provide much mortgage money, the pace of new housing starts is likely to slow even further in the months ahead.

During the recession, TIME's economists expect, the real gross national product will decline by only 1% or 2% before recovering next spring. Still, that will be enough to weaken loan demand and cause overall interest rates to turn down. The economists expect the banks' prime lending rate to rise from the present 11½% to 12½% or 13% in early summer, and then decline, perhaps sharply.



BERYL SPRINKEL: "We are in agreement that things are slowing down."



ROBERT NATHAN: "If we throw nuclear power out the window, we are going to be in real trouble."

my could be in for a very, very nasty period."

The economists' forecasts, which are strikingly similar for a group with such diverse philosophical views, call for a mild recession to begin in the summer. It is even possible that a recession has already begun. More likely, notes Beryl Sprinkel, executive vice president of Chicago's Harris Bank, "the economy is slowing in a pattern that is typical of a prerecession peak."

The moderate decline in output probably will continue for six to nine months, after which the economy will rise again. Board members are unanimous in their view that since the downturn is inevitable, the sooner it occurs, the shallower, less lengthy and more effective in damp-

Thus, the stock market should rise later this year. Wall Street rallies often begin during recessions.

There is, however, plenty that could go wrong with this forecast. A major imponderable is the pickup in business spending for new plant and equipment. Corporations are expected to increase capital investments this year by 16%, but the rise is a mixed blessing. If, as expected, capital spending continues fairly strong through the early part of the recession, it will help cushion the slump. But if a capital investment boom develops, it could delay the recession and ultimately make it worse.

Alan Greenspan, economic consultant to major corporations, is concerned because businessmen have lately gone on an ordering spree, in an effort to build up stockpiles of parts and materials for fear of shortages ahead. He fears that inventory accumulation could be strong until the recession becomes apparent in the au-



DAVID GROVE: *"I have come to the conclusion that it would be better to take our medicine quickly."*

bargaining clout with OPEC; the cartel would recognize that its monopoly could not last forever. In any event, the nation must try to exploit all its energy options, including nuclear power.

Generally, board members believe that there is little more the Government can or should do to change the course of the economy for the rest of the year. Any further fiddling with broad policy now would probably worsen either inflation or recession—or both. Says Greenspan: "If inflation is public enemy No. 1, we would be well served by a do-nothing Congress." Murray Weidenbaum of Washington University in St. Louis urges repeal of many inflationary federal regulations. "My advice is: 'Don't just stand there, undo something.'" But Heller figures that all the Government can do to head off stagflation is "pray and inveigh."

Most of the TIME economists are sat-

isfied with the Federal Reserve Board's middle-of-the-way monetary policy. One exception is David Grove, who argues that a much tighter money policy and a deep recession are needed to wring inflation out of the system. As the recession deepens, Okun would prefer that the Fed ease off and promote some expansion of money supply, which has been fairly tight over the last six months. Warns Okun: "Keeping to that policy in a recession is like wearing an overcoat in summer."

Robert Nathan, a Washington consultant, Pechman and other members are all but certain that Congress will seek to lower personal and corporate taxes next year by \$15 to \$30 billion. Though the President's anti-inflation wage-price guidelines have had only marginal success in holding down settlements for big unions, the majority of the board members would preserve them because they have kept wages of nonunion



ARTHUR OKUN: *"It is conceivable that we are already in a recession."*

turn, and then businessmen would abruptly cut back on orders, plunging the economy into a deeper slump. Says Arthur Okun, senior fellow at Brookings: "Paradoxically, we may have too much business confidence now."

Another threat is OPEC. Some of the economists expect the oil cartel to go on raising prices from the present average \$16.40 per bbl. to about \$18 by year's end. Higher fuel costs would both fan inflation and be an added tax on Americans' disposable income, thus prolonging the recession. Otto Eckstein, chief of Data Resources Inc., the economic analysis firm, favors putting a strict limit of 7 million bbl. per day on petroleum imports, which now average about 8 million bbl. daily; mandatory limits would probably result in gasoline rationing. Okun and other board members would increase Government financing of efforts to develop alternative energy sources. A multibillion-dollar effort would not only pay off in increased fuel supplies, but also bolster the nation's



WALTER HELLER: *"The news ahead of us on oil will not be as grisly as the news behind us."*



ALAN GREENSPAN: *"If inflation is public enemy No. 1, we would be well served by a do-nothing Congress."*

workers lower than they might have been.

The board's forecasts add up to a difficult political challenge for President Carter. When he enters the first of the primary elections next February, joblessness will be rising and the rate of inflation, though declining, will still be high. If the recession is mild, White House aides insist that they will not follow the usual practice of trying to expand the economy in a bid for votes. Notes Democrat Heller: "The political advantage now seems to lie more in the successful assault on inflation than it does in all-out war on unemployment."

But if the recession hits later and harder, kicking up unemployment to unexpected highs, the pressure on Carter will be intense. Says one White House insider: "If the President is in trouble come New Hampshire, and the attacks are coming from the left, all bets are off." Good economics, as most of TIME's board members agree, does not always make good politics.

Carter vs. Corporations

Suspicious of anything big lead to a lot of lip shooting

It started with some intoxicating cracks about "three-million lunches" and grew into bigger shots at "excessive profits," "massive rip-offs" and "guideline violations." Jimmy Carter's relations with Big Business, never warm or close, have become even cooler and more distant as the President and his lieutenants have poured out inflammatory business-bashing rhetoric. The assaults are particularly troubling because they come at a time when the nation can ill afford more divisiveness. "Every big businessman is wondering when it will be his turn," says Forrest Retgers, chief lobbyist for the National Association of Manufacturers. "Carter is shooting at oil now, but who will be next?"

White House quarrels with business have centered on three main issues:

- **Oil.** Starting two years ago, Carter's charges of "kickbacks" and "rip-offs of the American people" spread alarm far beyond the targeted oil companies. Says Irving Shapiro, chairman of Du Pont: "I regret that the President seems to have been taken in by the argument that the oil industry should be made a public villain. I have to speculate that [Media Adviser] Gerald Rafshoon told him there are votes in doing it."

- **Profits.** In March, Alfred Kahn, the Administration's chief inflation fighter, and White House Aide Hamilton Jordan hit sensitive nerves in boardrooms by assailing "excessive" profits. Says Bell & Howell Chairman Donald Frey: "On one hand, the President urges business to invest to create jobs and combat inflation, and on the other, he attacks profits. He knows that most profits go into investment and not to fat cats."

- **Guidelines.** Executives have been warily watching the Administration carry on a virtual witch hunt to find and name violators of the anti-inflation price guidelines. Staff members of the Council on Wage and Price Stability have said for weeks that they have been under orders to find someone—anyone—who is breaking the guidelines. Notes Jack Carlson, chief economist of the U.S. Chamber of Commerce: "The wage and price control program has been a failure, and they're looking for someone to blame."

Although Carter himself is an affluent entrepreneur (his peanut business gave him a personal net worth of \$800,000 in 1977), he is uneasy with big corporate executives. He rarely meets with them, and when he does, the mood is often strained. "The President," explains one



Cabinet officer, "doesn't like anything big. He is not comfortable with Big Labor, Big Business or the Big Press."

One of the most recent meetings between the President and a group of corporate chiefs was in March, and it went poorly. General Electric Chairman Reginald Jones, General Motors Chairman Thomas Murphy and Du Pont's Shapiro, among others, were brought to the White House with what they thought was a promise of a long session with Carter to get at basic issues. At the last minute, the ground rules were changed, and all the business leaders got was a 15-min. "photo opportunity" for the TV cameras and a brief lecture from the President on the need to support the guidelines and restrain profits.

Since Bert Lance left, the White House has suffered by not having any top ambassador to business. Robert Strauss got close to the job for a while, but then was sidetracked into foreign trade and Middle East policy. Businessmen consider Treasury Secretary Michael Blumenthal to be too wounded by sniping from the White House's Georgia Mafia to be an effective envoy. Commerce Secretary Juanita Kreps is the Cabinet's best bridge between the White House and business, but, says Jack Carlson, "she heads a weak Cabinet department and does not have the clout."

Top managers commonly charge that middle-level White House staffers responsible for business relations do sloppy, second-rate work. Big Business's formal contact at the White House is Stephen Selig, 36, whose main credentials seem to be

that he plays tennis with Presidential Adviser Jordan and that his father, a wealthy Atlanta real estate developer, was a longtime supporter of Carter's. Corporate leaders have had a hard time taking him seriously since his first meeting with them, when Selig turned up at an exclusive Washington club wearing a leisure suit and no tie. Selig admits that the Administration's relations with business got off to a bad start, but insists that they have become better.

On the brighter side, businessmen note that they have fairly easy access to Carter's aides, if not the President himself. For example, after they made clear their stern opposition to Senator Edward Kennedy's bill that would ban conglomerate mergers, they were gratified that the President pointedly did not endorse it. In addition, business people are pleased that Anne Wexler, an assistant to the President, seems to be assuming more responsibility for corporate relations, and they are taking many of their problems to her. Wexler says that business, like all lobbying groups, will never get all that it wants, and she contends that

executives have been "a little supersensitive" about Carter's "rip-off" charges. The President, she explains with unintended irony, "was trying to hammer a point home. It wasn't anything personal, as they say in *The Godfather*."

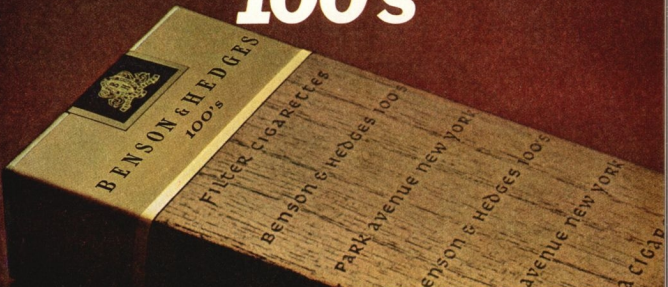
Sears Setback

Affirmative action affirmed

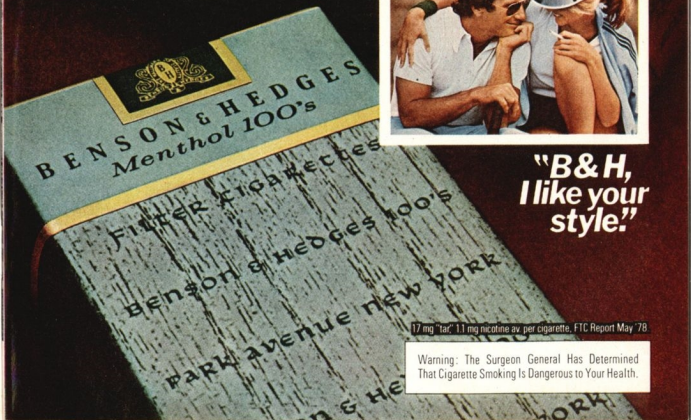
Frustrated by what it regards as conflicting goals set by various Government agencies for hiring and promoting minorities and women, Sears, Roebuck and Co. brought a class-action suit against ten federal agencies last January. Sears wanted a clarification of affirmative-action policy and an admission from the Government that the company's hiring practices, long the subject of an investigation by the Equal Employment Opportunity Commission, were within the law.

Last week in Washington, Federal District Judge June L. Green dismissed Sears' complaint with the tart observation that "realization of the national policy of genuine equal opportunity for all citizens is a formidable task, but it isn't beyond the notable skill and competence of Sears." A number of businessmen, who also find the regulations murky, felt that the real purpose of the suit had been served, as one competing big retailer put it, by "spreading the word of protest against Government employment interference." But the key fact was that the courts once again affirmed that affirmative action is here to stay.

Benson & Hedges 100's



**"B&H,
I like your
style."**

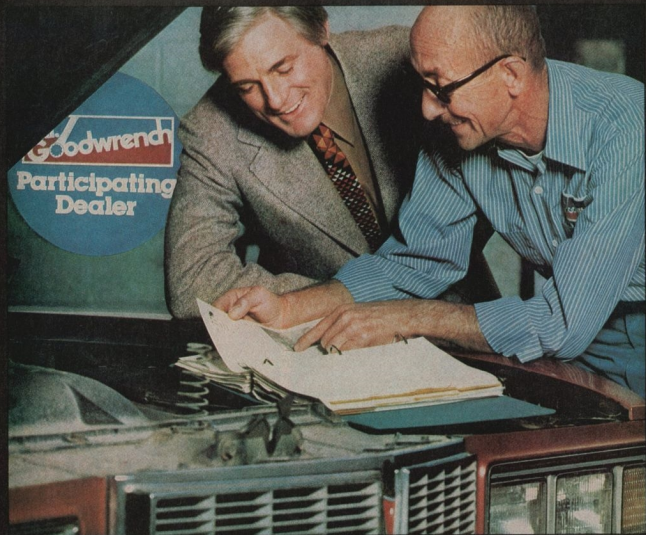


17 mg "tar," 1.1 mg nicotine av. per cigarette, FTC Report May '78

Warning: The Surgeon General Has Determined
That Cigarette Smoking Is Dangerous to Your Health.

MR. GOOD

He receives all the latest service



GM dealers receive all the latest service bulletins from General Motors. They have special GM equipment and special GM service school training available. So they can stay up to date on all GM cars.

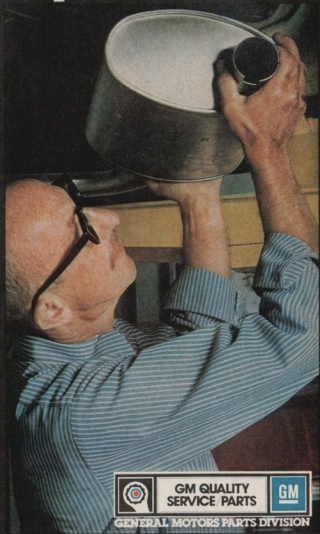
Mr. Goodwrench is a professional service technician at those independent General Motors dealers participating in the Mr. Goodwrench program. General Motors dealers have genuine GM parts available. That's important. Because they're engineered by many of the same people who helped design your car. GM parts fit.

OWRENCH

information about your GM car.



Mr. Goodwrench wants to be the best without being the most expensive. And General Motors has made it possible for GM dealers to offer low prices on the parts you're most likely to use, such as filters and mufflers. So when your car needs service, see Mr. Goodwrench at any of the more than 6,000 participating GM dealers.



**KEEP THAT GREAT GM FEELING
WITH GENUINE GM PARTS.**

AT PARTICIPATING INDEPENDENT CHEVROLET,
PONTIAC, OLDSMOBILE, BUICK, CADILLAC,
GMC AND CHEVY TRUCK DEALERS.

IMPORTED CANADIAN WHISKY - A BLEND - 80 PROOF - CALVERT DIST. CO., N.Y.C.



Right to the finish, its Canadian spirit stands out from the ordinary. What keeps the flavor coming? Super lightness. Superb taste. If that's where you'd like to head, set your course for Lord Calvert Canadian.

The unique spirit of Canada:
We bottled it.

The Over-the-Thrill Crowd

Say the aging baby-boom kids: Gimme shelter (and lots more)



Levi's for men

Age, alas, has caught up with the kids of the baby boom. Now, one in every three Americans are products of the population surge that began right after World War II and lasted until the mid-1960s. According to the Conference Board, a blue-ribbon business research body, the aging of this generation "will be the single most important economic stimulant of the 1980s."

The oldest of these postwar children are already 34, and over the next ten years they will cause a bulge in the big-spending 35 to 44 group. The number of Americans in this bracket will jump from 28 million to 40 million by the end of the decade, and they will be pocketing \$1 out of every \$4 in personal income, up from \$1 of every \$5 at present. By 1990 the average household income for people in this group will be close to \$30,000 in real terms, and their total spending power will have grown by 70%. Because of their numbers and affluence, the aging baby boomers are being avidly courted by sellers of all sorts of goods and services. Says William Hull, research director for the J. Walter Thompson ad agency: "Anything that people in this group does is hot, and companies are therefore riding along with them into middle age."

They are entering an age when their outlays normally will be heavy because they will be buying and outfitting homes and educating their children. But this typical spending will be even more exuberant because the baby boomers are themselves the children of inflation, born with credit cards in their mouths and oriented toward spending rather than saving. They are part of the instant-gratification, self-indulgent Me generation, which has a taste for high-priced gadgets and little interest in self-denial.

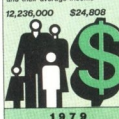
The increased spending of the 35 to 44 group is expected to give a mighty lift to such key segments of the economy as

housing, furniture, appliances, apparel, autos and financial services. Already this group spends 50% more than the average consumer for furniture and one-third more for appliances. John Widdicombs Co., a top-of-the-line furniture manufacturer, has increased its advertising to attract these people, while Chicago's John M. Smyth Co. retail furniture chain has expanded its interior decorating services to appeal to the more sophisticated customer entering early middle age.

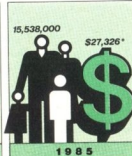
Ford Motor Co. managers estimate that the 35 to 44 age group, with its interest in outdoor leisure pursuits, buys 25% of all vans and pickups. These consumers want fuel-efficient cars—but also fancy extras like air conditioning and stereo. Says Louis W. Stern, marketing professor at Northwestern University: "That

THE 35-44 GROUP

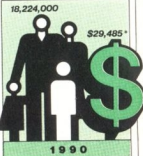
Number of families with head of household in that age bracket and their average income



Source: Data Resources, Inc.



*Measured in 1979 dollars



TIME Chart by Nigel Holmes

age group wants the outward visible things that say, 'I have made it and I want to live comfortably.'"

These people are major users of credit, taking out mortgages to acquire their bigger houses and urban condominiums and installment loans to furnish them. Maurice Mann, vice chairman of A.G. Becker, a brokerage firm, has warned savings and loan officials to anticipate "massive demand" for mortgage lending in the 1980s "as a result of the postwar babies seeking shelter." Insurance executives are looking at the group as an ever expanding market for homeowners' and life policies. Bankers are catering to their desire for convenience by opening more and more centers that can manage all aspects of a customer's personal finances.

As the baby-boom generation is growing older, the youth cult is gradually fading. Says J. Walter Thompson's Hull: "Ten years ago, everyone wanted to be young, but now people just want to stay active and attractive." Tennis clubs, exercise salons and racquetball courts are proliferating, largely because physical fitness has become a priority, not to say mania, with yesterday's youth. Reports Denise

Bourcq, manager of Chicago's Gloria Marshall Figure Salon: "The majority of women we see are between 30 and 45." Even Geritol, that elixir of the sunset years, has aimed for some time now at a younger, still attractive woman who wants to hold on to her health.

Some more mature faces are showing up in ads to match the aging of the audience. Revlon's Lauren Hutton wonders in magazine ads what to do about her skin now that she is over 30 (her answer: use Ultima II creams), and the One-A-Day vitamin girl is no longer a teen but a woman pushing 30.

Companies are bringing out new products or repositioning existing ones specifically for these older consumers. Says Roy Johns Jr., a vice president at Levi Strauss & Co.: "As the baby-boom kids continue up the age ladder, either we will go with them or somebody else will." Thus Levi's has already sold some 15 million pairs of new, wider jeans "cut to fit a man's build with a little more room

in the seat and thigh," as the ads say. The jeans have spawned a whole rack of clothes for the aging male body, ravaged by roast beef and gravity.

Mattel, the California toy company, is trying to hang on to the kids who have mellowed into grownups. Its Barbie doll has been joined by a line of electronic toys for adults. The \$500 Intellivision, a computer that plugs into a TV set, will play roulette, compute income taxes and do estate planning. Winemakers are also preparing to reap a rich harvest as the Pepsi generation trades its aluminum pop tops for corkscrews. By 1985 domestic wine is projected to be a \$6 billion industry, up from \$3 billion today. "Sales of the better wines can only be described as spectacular," says Alin Gruber, senior vice president of Sonoma Vineyards, "and the most important reason for it is that people who started with pop wines are moving up."

It is precisely this advance to more sophistication and affluence, as well as sheer numbers, that will make the 35 to 44 age group such a potent force in the economy of the 1980s. People with products to sell are getting the message: Age—at least early middle age—is more attractive than youth.



Hutton as child and grownup in Ultima II ad

Economy & Business

Amway's Way

Success in the school of light knocks

Jay Van Andel is an ardent advocate of the free enterprise system and fully enjoys its rewards. He is chairman and co-owner of Amway (a contraction of American way) Corp., one of the nation's most successful private firms, which is engaged in what he calls "in-the-home selling." In this its 20th year, Amway expects to retail \$750 million worth of cosmetics, vitamins, jewelry, home-care products and some 4,000 brand-name appliances and other items direct to customers through catalogues by a network of 300,000 door-to-door salespeople. Amway's achievements are evident not only in its fleet of four corporate jets, its 119-ft. yacht (a 131-footer is on order) and its modern, saucer-shaped headquarters near Grand Rapids, but also in its founder's wealth. FORTUNE has estimated that Van Andel's personal net worth ranges from \$300 million to \$500 million.

Early in May, Van Andel, 54, the tall, sandy-haired grandson of an immigrant Dutch bicycle salesman, began a one-year term as chairman of the U.S. Chamber of Commerce (membership: 84,000 companies, organizations, state and local chambers and individuals). Voted in by the Chamber's board, Van Andel expects to fill his traditionally figurehead role by making speeches and TV appearances, attending White House meetings and testifying on Capitol Hill in behalf of business.

For the past four years, the Federal Trade Commission has been investigating Amway on a variety of charges that include fixing the retail prices that its independent salespeople could charge, allocating sales territories and misrepresenting the amount of money that distributors could earn. Last July an administrative-law judge in Washington threw out most of the FTC's charges, but found that Amway was guilty of fixing prices. Amway officials contended that the practice had been discontinued in 1972. The judge's decision pleased neither Amway's nor the FTC's lawyers, and both filed appeals. A ruling on the case by the four-member commission is expected soon.

Van Andel started Amway in 1959 with Richard DeVos, a Grand Rapids high school chum who is now president and the other co-owner of the company. The two had joined a number of small enterprises after World War II, including a restaurant, a flying school, a commercial air charter service and a distributorship for Nutrilite. The two left to start Amway, taking with them a number of discontented Nutrilite distributors. The first product that Amway marketed was an all-purpose liquid cleaner called Frisk, and



Van Andel leaves private jet in Washington

How to earn \$300 million to \$500 million.

today soaps and detergents remain the core of the business.

All items are sold by "distributors," who are in effect door-to-door salespeople and earn a 30% profit on volume. Usually people with other jobs, they join Amway for extra income. They buy their wares from higher-level "direct distributors," who also sell door to door. Regular distributors are urged to become direct distributors themselves, and they do so by recruiting, training and supervising new salespeople. Though the direct distributor is not paid for signing up these recruits, he does make additional money by selling Amway products at a slight markup to the distributors under him. To keep sales expanding, the new distributors are then encouraged to sign up recruits of their own.

Van Andel says that although top Amway salespeople can earn more than \$100,000 a year, the majority, who may be housewives, retirees or even doctors or lawyers, probably make \$50 to \$150 a month. Though the result is a many-layered sales organization, it differs significantly from unscrupulous pyramid sales schemes like Glenn ("Dare to Be Great") Turner's Florida-based cosmetics operation, in which participants earned money by signing up new distributors rather than by selling the company's products.

Amway has moved to diversify by buying, among other things, hotels in Grand Rapids and the Caribbean and the 950-affiliate Mutual Broadcasting System radio network. A political conservative

who was sworn into his Chamber of Commerce job by his good Michigan friend Gerald Ford, Van Andel is an earnest backer of a tax reduction group, Taxpayers United Federation. He is also a supporter of a campaign to limit the number of terms for Presidents (to one), Senators (two) and Representatives (six) in order to reduce the preponderance of professional politicians, as opposed to "citizen" politicians, in Washington. In his new position, Van Andel will now have at least a foot in the door to sell such views in Washington. ■

Electric Exxon

Plugging in to energy savings

Switch on a home air conditioner, a factory pump or just about any electric device and the motor will burn roughly the same amount of current whether the machine is running fast or slow. This inefficiency and waste of energy by motors could soon be eliminated, according to Exxon Corp. Last week the world's largest oil company announced with much fanfare that it has developed a new electric energy technology that could save the U.S. the equivalent of 1 million bbl. of oil a day by 1990.

Exxon has produced a boxlike "alternating current synthesizer" that can be built into new machines or fitted easily to existing electric motors. It will control the speed of electric motors, which burn up about 60% of all electricity generated in the nation. The device uses microprocessor technology to enable an electrical current to be regulated and changed so that it varies from the fixed norm that is established by utilities; in the U.S. the norm is about 115 volts and 60 cycles. Put simply, this means that the speed of a conventional motor can be automatically varied according to the work it has to do at any moment. When the load is high, the speed—and the amount of electricity consumed—is normal. But when the load is low, the speed—and the amount of energy burned—can be reduced.

Exxon left the biggest surprise for last. The company hopes to have the energy-saving ACS for sale within a year if it can successfully buy Reliance Electric Co., a Cleveland-based maker of electric motors that had sales of \$966 million in 1978. The takeover, which appears to be a friendly one, would give the oil company the electrical expertise and production lines that it needs to rush the new device to market. The trustbusters may object, since the oil majors are under attack for spending profits on non-oil diversifications. But the Department of Energy quite possibly will conclude that the Reliance takeover would be a form of energy investment. Says a DOE official of the Exxon proposal: "A barrel of oil saved is just as good as a barrel of oil produced." ■



GOOD NEWS FOR PEOPLE 7'2" AND UNDER.

If you've always thought a little car meant a lot of crowding, you've obviously never looked into a Volkswagen Rabbit.

There happens to be so much room in a Rabbit that all 7'2" of Wilt Chamberlain can fit comfortably into the driver's seat.

With space left over.

Because the Rabbit has even more headroom than a Rolls-Royce.

As well as more room for people and things than practically every other imported car in its class. Including every Datsun, Every Toyota, Every Honda, Mazda, and Renault.

Not to mention every small Ford and Chevy.

And, of course, what's all the more impressive about the room you get in

a Rabbit is that it comes surrounded by the Rabbit itself. The car that, according to Car and Driver Magazine, "...does more useful and rewarding things than any other small car in the world..."

So how can you go wrong?

With the Rabbit you not only get the comfort of driving the most copied car in America.

You also get the comfort of driving a very comfortable car.

Because it may look like a Rabbit on the outside.

But it's a Rabbit on the inside.

VOLKSWAGEN DOES IT AGAIN



"I know I should be drinking a decaffeinated coffee because caffeine makes me nervous, but I love real coffee too much to make a change."

"Carol, when you drink SANKA® Brand you *are* drinking real coffee. It's 100% real coffee and tastes it."



SANKA®. THE 100% REAL COFFEE

BRAND DECAFFEINATED COFFEE

THAT LETS YOU BE YOUR BEST.



"Mmmm. This is a real cup of coffee!"

If you want to be at your best, and still have the full-bodied aroma and taste of 100% real coffee, SANKA® Brand Decaffeinated Coffee is for you.

SANKA® Brand gives you all the great taste that makes coffee drinking such a satisfying experience, yet it's 97% caffeine-free.

Join the millions of caffeine-concerned Americans who have discovered delicious SANKA® Brand: it's the 100% real coffee that lets you be your best.



©General Foods Corporation, 1979

**What would you call
an easy reading policy
that insures
your first home,
second home, motor home
motor boat, cars,
coin collection, jewelry,
and includes
\$1,000,000 in personal
liability?**

Better.

It's our new,
simplified all-in-1[®]
policy, a better
way to protect most
everything you own.

For details, check
your Yellow Pages
for an expert...
your Independent
Insurance Agent
representing
The St. Paul.

**We keep making
insurance better.**

The St. Paul
Property & Liability
Insurance



Serving you through Independent Agents: St. Paul Fire and Marine Insurance Company/St. Paul Mercury Insurance Company/The St. Paul Insurance Company/
St. Paul Guardian Insurance Company/The St. Paul Insurance Company of Illinois: Property and Liability Affiliates of The St. Paul Companies Inc., Saint Paul, Minnesota 55102.

**WITH THE NEW KODAK
COLORBURST 50 INSTANT CAMERA
YOU JUST AIM, SHOOT,**

COLORBURST 50
A KODAK INSTANT CAMERA

MADE IN USA



AND WATCH THE FEELINGS GROW.

INTRODUCING THE SIMPLEST COLORBURST CAMERA EVER.

Next time you want to rescue a smile, you won't have to focus.

Not if you have the motorized Colorburst 50. It's the simplest Colorburst instant camera ever.

NO FOCUSING

All you do is aim, shoot, and the new Colorburst 50 instant camera automatically delivers a sharp, clear picture with color by Kodak. With no focusing, you can catch life as it happens.

You're free to share the excitement as, picture by picture, smiles grow.

KODAK FEATURES

Since instant prints are meant to be passed around, Kodak instant film is protected by a durable, textured Satinlux[™] finish. It resists smudges, and spills wash right off. (It's even cotton-candy-proof.)

Kodak cameras also let you choose which way to frame the picture: Shoot vertically for solo close-ups, or get the whole crowd together in a horizontal shot.

And, incidentally, you can even have copies or enlargements made of your masterpieces.

The new Colorburst 50 camera. Instant photography with the confidence of color by Kodak.

Pick one up today where you buy your cameras and film.

**THE MORE YOU TAKE,
THE MORE YOU GIVE.**



Smaller than actual size.



'I didn't sacrifice great flavor to get low tar.'

"The first thing I expect from a cigarette is flavor. And satisfaction. Finding that in a low-tar smoke wasn't easy.

"But then I tried Vantage. Frankly, I didn't even know Vantage was low in tar. Not until I looked at the numbers.

"That's because the taste was so remarkable it stood up to anything I'd ever smoked.

"For me, switching to Vantage was an easy move to make. I didn't have to sacrifice a thing."

Pete Accetta

Peter Accetta
New York City, New York



FILTER 100's: 10 mg. "tar", 0.8 mg. nicotine, FILTER, MENTHOL;
11 mg. "tar", 0.8 mg. nicotine, av. per cigarette, FTC Report MAY '78.

Warning: The Surgeon General Has Determined
That Cigarette Smoking Is Dangerous to Your Health.

Vantage

Regular, Menthol and Vantage 100's.

Education

Learning to Live with TV

Or, if you can't beat 'em, at least try to join 'em

I believe television is going to be the test of the modern world, and that in this new opportunity to see beyond the range of our vision we shall discover either a new and unbearable disturbance of the general peace or a saving radiance in the sky.

—E.B. White, 1938

At least as measured by its range, today TV is certainly of age. It captivates an audience that runs to a nightly third of all the men, women and children in America. Images flow out over the population to be absorbed, statisticians insist, at the appalling average rate of 29 hours per week per citizen. The cash flows in. A minute of network prime-time advertising can sell for up to \$140,000, or enough to pay the salary of seven or eight high school English teachers for a whole year.

But there is not much saving radiance in the sky. Instead, the air is alive with the sound of lamentation. At various times from various quarters, TV has been accused of raising the crime rate, dropping students' test scores, crippling the imagination, undermining national literacy, and layering American homes with an attention-numbing narcotic. The charges go way back. They were first raised by long-suffering parents and teachers who simply watched the TV viewing of children under their care and came to what they felt were grim, self-evident conclusions. Then the argument shifted a bit to the amount of violence on TV and its cumulative effects on society. To both counts the TV networks reacted as they still do: Life is complex. There is no proof. It's a free country, and people get what they want, as the networks' brutal rating games demonstrate. Besides, haven't those worrywarts heard of such a thing as healthy dramatic catharsis?

When the issue comes to public conflict it is customarily fought out in the wrong terms: an attempt to link one specific act of real-life violence to one specific act of TV violence. About the best documented instance, from the viewpoint of anti-TV forces, occurred in 1966 when NBC screened *Doomsday Flight*, ignoring pleas by airline pilots not to do so. A made-for-TV special, it presented a fictional extortion attempt by bomb threats against an airliner in flight. After the show the Federal Aviation Agency recorded a dramatic increase in phone-in

bomb threats to airlines. More horrifying was the lawsuit against the same network by a mother who asked for \$11 million after her nine-year-old daughter was gang-raped with a beer bottle by three teen-age girls and a boy. The assailants had seen a similar rape of a girl by girls on a TV movie only a few days earlier,



Peter Falk performing in *Columbo*



Subject wired up with electrodes for a TV-watching experiment



Savalas as Kojak; Carter as Wonder Woman

A training course in the art of inattention?

though the instrument was the handle of a plumber's helper.

The First Amendment, as interpreted at the time, protects TV networks from responsibility unless intentional "incitement" to a specific act is involved, so the case was thrown out of court. And the argument goes on. Psychological and medical research teams have joined parents

and educators in studying the problem, much of their work financed by organizations publicly concerned about the damage TV may be doing. Among the latter: the National Institute of Mental Health, the House Subcommittee on Communications. Even the American Medical Association, not noticeably alarmist, announced a series of research projects and dedicated itself to a long-term effort to reduce the amount of violence on TV.

Violence on TV, despite protests, does not seem to be declining. Last month Professors George Gerbner and Larry Gross of the University of Pennsylvania's Annenberg School of Communications came out with their tenth annual *Violence Profile*. On the basis of a prime-time and a weekend sampling, they report that crooks still make up 17% of all television characters (vs. 1% or less in real life), and that 65% of them are involved in violence. The damage, Gross argues, does not lie in rare incitements to acts of violence, but in the attitudes and views of the world engendered by what they call "heavy" TV watching. In-depth testing of a sample of 600 proved heavy viewers are more fearful, anxious and suspicious of the world than "light" viewers. Significantly more of them replied "almost always" when asked, "How often is it all right to hit someone if you're mad at them?" As to reading, Gross says, "except occasionally for the lowest IQ group who do a little better if they watch TV—because they see some printed words at least—for most children the more television the worse they do in school."

Other studies seem to support Gross's finding. Leonard Eron, a professor of psychology at the University of Illinois, conducted a ten-year investigation, ending in 1970, on 875 third-grade children in a semirural part of New York State. Eron started with the conviction that the impact of television on people was no greater than that of movies, fairy tales or comic strips. He now believes that a "direct, positive relation" exists between TV viewing by small boys and aggressive behavior. Little girls, significantly, did not show any increase in such aggressive behavior. But a new project Eron has since begun indicates that they do now. His explanation: today TV has more violent female role models—including those in *Wonder Woman* and *Charlie's Angels*—than it had before.

Another study linking TV watching with aggression was funded by CBS. In 1972 the network commissioned William Belson, a sociologist at the London School of Economics' Survey Research Center, to run a six-year, \$290,000 study of 1,565

Education

London teen-age boys. Belson's conclusion: long exposure to television noticeably increased the degree to which they engaged in serious acts of violence (smashing cars and phone booths, setting shopping bags on fire).

CBS dismissed Belson's finding as adding "nothing of consequence" to the continuing debate on the issue. In response to Federal Trade Commission pressure and nationwide lobbying by groups like Action for Children's Television (ACT), the networks have launched a series of special dramas for children and reduced the number of weekend ads by more than 40%. (Yachtsman and Atlanta Braves Owner Ted Turner has offered to subsidize Saturday children's programs on his own cable station, WTCC; they would run with no ads at all.)

An increasing number of studies suggest that the main danger of television may not be the message, but the medium itself, just looking at TV. In Bedford, Mass., Psychophysicist Thomas Mulholland and Peter Crown, a professor of television and psychology at Hampshire College, have attached electrodes to the heads of children and adults as they watched TV. Mulholland thought that kids watching exciting shows would show high attention. To his surprise, the reverse proved true. While viewing TV, the subjects' output of alpha waves increased, indicating they were in a passive state, as if they were "just sitting quietly in the dark." The implication: TV may be a training course in the art of inattention.

Professors Jerome and Dorothy Singer, who head Yale University's Family Television Research Center, have been studying groups of several hundred three- and four-year-olds as they watch TV at home and in nursery school. They feel that heavy TV viewing stunts the growth of the imagination in the crucial ages between three and five. Such children make up fewer games and imaginary playmates.

In education, at least, some useful efforts are being made to live with the electronic menace, and even turn its endless noise, repetition, violence, materialism and banality to some advantage. All last year in Lansing, Mich., for example, High School Senior Eric Pretzlaff has been filling out his home "viewing log." His assignment is to take notes on the prime-time shows he sees with a view to improving his understanding of economics. After watching CBS's *Alice*, he noted that Alice's high standard of living is not consistent with her job as a waitress in a small restaurant. In Eric's class, Economics Teacher Rudy Johnson asks, "How much job security does a small restaurant owner like Mel (Alice's boss) have?" And a student responds, "Not much, because small places like that



Alice (left) and friends with her boss

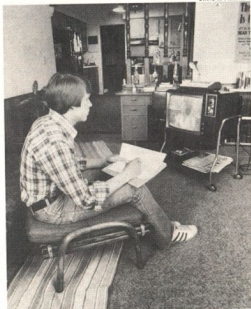
go broke a lot." Smoothly, Johnson moves the discussion to the subject of extra risks that face small businesses throughout the business cycle.

Johnson's educational use of TV is based on something called Prime Time School Television (PTST), a Chicago-based, nonprofit organization that prepares TV-related study guides. And PTST illustrates the general principle of prime-time teaching: use the screen to get students' attention, then engage their intelligence with questions, study guides and sometimes scripts read as homework. Thereafter, Archie Bunker's layoff from his job on the loading dock can be used to prompt a class discussion of unemployment. An arrest by Starsky and Hutch helps illustrate constitutional guarantees like that of a suspect's right to counsel. The approach is being applied by different companies in slightly different ways. The CBS Television Reading Program helps student TV watchers to sharpen their logic and their language skills by providing "enrichment guides" (script and discussion questions) for special shows. It is now used by more than 4 million students. The New York-based publisher of a booklet series, *Teachers Guides to Television*, does not offer scripts

but presents detailed assignments. (For *Battlestar Galactica* suggested reading is Jules Verne, and studying the astronomy of Ptolemy and Kepler.) The same company also prepares outlines for parent-child discussions of TV shows. "A fictional story offers a family the chance to discuss matters that are otherwise difficult to bring up," observes *Guides* Editor Gloria Kirshner.

PTST, which distributes 200,000 monthly study guides to such serious TV productions as *Eleanor and Franklin*, *Masterpiece Theater* and *Between the Wars*, set out two years ago to transmute even the most mindless network shows into learning aids. The first piece of alchemy was making cops-and-robbers shows the cornerstone of a curriculum package. *Columbo* episodes serve as lessons on literary elements: dramatic character, plot development, conflict and resolution. Students taking law and criminal-justice courses use a "constitutional-awareness chart" to determine whether Baretta has illegally roughed up a suspect. Armed with their study guides, students quickly become sensitive to the way television can distort reality. "All big-city cops are not as glamorous as Kojak," says Lori Kaufman, 14, of Lucas, Kans.

Proponents of prime-time teaching say familiar television examples make schoolwork less imposing and more interesting. "Reading becomes exciting," asserts Melinda Douglas, assistant to the general manager at KNXT-TV, CBS's Los Angeles affiliate, "because students can imagine those words being spoken by an actor or actress on television." Opponents point out that the minimal degree of reading skill and concentration required by TV teaching is not adequate training for serious study of literature or history, or for the effort necessary to master subjects that cannot be easily popularized, like math and chemistry. They also fear that television teaching may stimulate excessive viewing among a generation that watches too much TV as it is. The prospect of ten-year-old tube junkies using *TV Guide* as a syllabus is unsettling to parents who believe that serious learning comes from books. Teachers who have used one form or another of prime-time education, however, regard TV not as a "vast wasteland," in the memorable epithet of former Federal Communications Commissioner Newton Minow, but as a vast resource waiting to be tapped. One TV watcher who agrees is Minow himself, who now sits on the PTST board. Says he: "The most important educational institution in the country is not Harvard or Yale or Caltech—it's television." For better or for worse, it is difficult not to agree with him.



Student Eric Pretzlaff doing economics homework
Job security and the small restaurant business?

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STRADA. ANOTHER ITALIAN WORK OF ART.

Law

Getting In

A boost for women's rights

Geraldine Cannon, now a surgical nurse at Skokie Valley Community Hospital in Illinois, wanted to become a doctor. But when she applied to the University of Chicago and Northwestern medical schools in 1974, Cannon, then 39 and a senior at Trinity College (Illinois), was told that anyone over the age of 30 had little chance of being admitted. This struck her as unfair to women, who are more likely than men to take time off from education to raise a family. Herself a grandmother, Cannon complained to the Department of Health, Education and Welfare.

There her complaint vanished into the bureaucratic maze. So she took her case to federal court. But a lower court and a court of appeals both told her that she had no right to sue. Only HEW, they ruled, could enforce the section of the civil rights laws, Title IX, that bans sex discrimination against students and applicants to educational institutions receiving federal funds. Since HEW is hopelessly backlogged with discrimination complaints and reluctant to use its only sanction—stripping an institution of federal funds—Cannon was back at Square 1.

That is, until last week. Finding an "implied right" in Title IX, the U.S. Supreme Court ruled 6 to 3 that individuals can indeed bring sex discrimination suits against schools and colleges. Women's groups immediately hailed the decision as a breakthrough for women's rights. So did White House Special Assistant Sarah Weddington, who argued that it was better to have individuals assert their rights in court than rely on an already overburdened HEW. Legal experts noted that the decision will not only make it easier to bring sex discrimination cases but racial discrimination cases as well, since the statutory language of Title VI (race) is the same as Title IX (sex).

Actually, individuals have already brought suit under Title VI and Title IX, and many civil rights lawyers and courts have assumed all along that they could. The high court's decision simply removes any doubt and makes people aware of their rights. Says Harvard Law Professor Laurence Tribe: "Once the Supreme Court gives the green light, you can expect more suits."

What worried Justice Lewis Powell, who dissented from the majority, is that there will be too many suits from frustrated applicants, and that universities will be



Cannon in Trinity yearbook

forced to base admission solely on objective criteria, like grades and entrance exam scores, rather than more flexible human judgment. That way, explains Chicago Medical School Dean Robert Uretz, "if you get accused of discriminating, you can say, 'Well, look at the scores.'" In fact, says Uretz, if Cannon is judged purely by her scores she stands no chance of getting in: there were 2,000 applicants with better academic qualifications than hers who were also rejected.

Ironically, he adds, Cannon's victory for women's rights may end up hurting minority candidates who tend to score worse than whites on entrance exams. But the risk that discrimination suits brought by one group might backfire against another group is no reason to "simply shut the courthouse doors," says Tribe. That places too little faith in the courts to work out fair solutions. A more basic justification for a private right to sue is one recognized by the high court last week: if Congress passes a law against discrimination, there has got to be an effective way to enforce it. ■

Getting Off?

Depression as a defense

No one disputed that former San Francisco Supervisor Dan White took a snub-nosed revolver along when he went to call on Mayor George Moscone last November. Or that White slipped into city hall through a window to avoid the metal detector at the main entrance. Or that he pumped nine bullets into Moscone and Supervisor Harvey Milk, killing them both. The only question for the jury at White's trial for murder was whether the defendant really knew what he was doing. At week's end, the jury was still out.

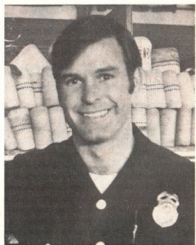
Prosecutor Thomas Norman had argued that White was guilty of cold-blooded execution. He had asked the jury to send White to the gas chamber under California's new death penalty, which can be imposed for multiple killings or for murdering a government official in retaliation for his public acts. The prosecution recounted that White had resigned his seat on the city's board of supervisors, changed his mind, and asked for his seat back. After White learned that Moscone was going to give it to a political rival instead, White went to the mayor's office and shot him. Then he shot Milk, an avowed homosexual who had frequently opposed him on the board. Norman told the jury that White had leaned over the prostrate bodies of his victims and fin-

ished them off with point-blank shots into their skulls.

The violent act by a clean-cut Viet Nam veteran and former policeman and fireman shocked San Franciscans. "If White had been a breakfast cereal," said one acquaintance, "he would have to have been Wheaties." But Defense Counsel Douglas Schmidt described White as a manic-depressive with intolerable pressures because of his heavily mortgaged house and his efforts to support a wife and baby from a fast-food stand. The defense made much of White's penchant for wolfing down junk food—Twinkies, Cokes, doughnuts, candy bars—a habit that, the defense claimed, exacerbated his depression and indicated a chemical imbalance in his brain.

White did not plead not guilty by reason of insanity, largely because no psychiatrist would say that he was sufficiently deranged. Schmidt asked the jury to find that White's "diminished mental capacity" left him unable to premeditate, deliberate, or harbor malice, the standards for first degree murder. One defense expert, Dr. Jerry Jones, told the jury that what White suffered from was "not the blues, what you and I call being depressed." It was genetically caused melancholia, "as if the world were viewed through black glasses." Another defense doctor refused to elevate White's condition to a mental illness. He maintained that White was "discombobulated."

Throughout the trial White sat frozen, staring blankly ahead. Occasionally he shed tears, but he made no attempt to wipe them away. It was a different picture from the outgoing politician who had firmly told reporters on the campaign trail that "crime is No. 1 with me"—and who staunchly supported the death penalty for crimes like his. ■



Fireman White, in happier days
Premeditated or "discombobulated"?

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Plymouth Horizon 4-dr.: 25 est. mpg*



Dodge Colt 4-dr.: 30 est. mpg*



Plymouth Arrow: 28 est. mpg*



Dodge Omni 024: 25 est. mpg*



Dodge Colt Coupe: 30 est. mpg*



Plymouth Sapporo: 26 est. mpg*



Plymouth Horizon TC3: 25 est. mpg*

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GM

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Chevette Hatchback 2-dr.: 29 est. mpg*



Chevette Hatchback 4-dr.: 29 est. mpg*



Buick Opel 2-dr.: 26 est. mpg*



Buick Opel 4-dr.: 26 est. mpg*

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Ford Fiesta Hatchback: 28 est. mpg*

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Medicine

COVER STORY

Health Costs: What Limit?

Soaring bills create a political issue and prompt a search for a cure

Senator Edward Kennedy chose the setting with an eye for drama, and history: the Senate Caucus Room, where his brothers John and Robert formally launched their runs for the presidency. Teddy's purpose was not to announce his own candidacy—yet—but to seize the initiative on an issue that seems sure to bulk large in the 1980 campaign: the skyrocketing cost of medical care. Before TV cameras last Monday he outlined the latest version of his national health insurance plan, designed to enable every American to have medical insurance regardless of age or state of health. Two days later he returned to the issue, this time as chairman of a Senate subcommittee that approved, with some changes, a high-priority Carter Administration bill to clamp a lid on hospital costs.

The legislative and political activity underlines a pressing national concern. As recently as 1965 the nation spent \$38.9 billion in medical outlays of all kinds (hospital bills, physicians' fees, lab tests). That amounted to 5.9% of total spending for all goods and services. Since then the bill has increased by 429%. This year the total is expected to reach \$206 billion, or 9.1% of the gross national product. The White House estimates that at the present rate of increase, medical costs will double every five years, a rise far in excess of inflation. Says Dr. Richard Corlin, president of the Los Angeles County Medical Association, with only mild hyperbole: "We are now in a position to spend the entire national budget on medical tests and procedures."

Prices of the most routine facilities and treatments are staggering. Samples: In 1969 Massachusetts General Hospital charged \$80 a day for a semiprivate room. Now the bill is \$189 a day. Ten years ago, a baby could be delivered at Manhattan's New York Hospital-Cornell Medical Center for \$350 in hospital bills, exclusive of the obstetrician's fee. But when 6-lb. Priscilla W. was born there in a fine uncomplicated delivery, she cost her parents \$2,800—more than \$450 a pound—\$1,300 of that for the hospital.

It is true that most medical bills are covered by Government programs or by employer-paid private insurance. But many citizens who long kidded them-

selves into believing that, as a consequence, medical inflation did not hurt them, now realize that they do pay the bills. They pay in taxes needed in part to finance Medicare and Medicaid. They pay in smaller wage increases than they would get if private employers were not saddled with huge medical insurance premiums. They pay in price hikes that result directly from those premiums. The

tem is set up to pay for the most expensive means of treatment, rather than the most efficient or economical. It's crazy."

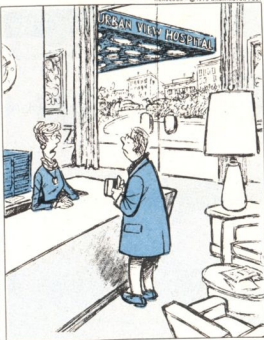
Strange, no doubt, even frightening, but not really crazy. Medical costs do follow a kind of logic, based on two factors that make medicine an economic anomaly:

► Medicine is inherently a sellers' market. The customer (patient) has no bargaining power; he initiates only one decision—to see a doctor. The sellers (doctors and hospitals) then take over; they decide what services the patient needs, and do not ask but order him to buy. Unable to diagnose his own illness, the patient has little choice but meekly to obey.

► In American medicine, government and insurance payments have removed all effective limits on demand, and thus price. Though sellers' markets always tend to rapid inflation, they usually are subject to at least one rough check: prices cannot rise so high that the buyers simply become unable to pay. That used to be true of medicine, too, in the now dimly remembered days when patients paid nearly all the bills out of their own pockets. No more: the saddest irony of the medical inflation is that it has been triggered largely by an effort to bring quality medical care within everyone's reach.

Starting with Blue Cross in the 1930s, and continuing through the post-World War II trend for employers to provide medical insurance for their workers, private insurers have picked up a giant chunk of hospital-doctor bills. In 1965

Congress chipped in, providing Medicare payments for those over 65 and Medicaid assistance for the poor. There are still gaps in the coverage: the 20% or so of the bill that the typical Medicare patient must pay can be a severe burden; the long illness that exhausts inadequate insurance benefits is a terror to the middle class. Nonetheless, the system of "third-party payments" has become so comprehensive that patients today pay directly a mere 6% of hospital bills and 39% of all physicians' fees. The government picks up 55% of hospital bills and 24% of doctor bills; private insurers pick up 37% of each. (The other 2% of hospital revenues comes from charity and other miscellaneous sources.)



"If you have to ask, you can't afford it."

health insurance costs that Ford Motor Co. pays for its employees add \$130 to the price of every car the company makes.

A growing number of policymakers, including Carter and Kennedy, are convinced that the nation must slow the surge in health costs as part of any effort to control the general inflation that saps the economy and erodes the dollar. But any attempt to do so must be based on a clear understanding of why those costs are so high in the first place, and that understanding is not easy to acquire. The economics of medicine are so unlike those of any other market that even many doctors and hospital administrators find them illogical. Says Dr. David Thompson, director of New York Hospital: "The sys-

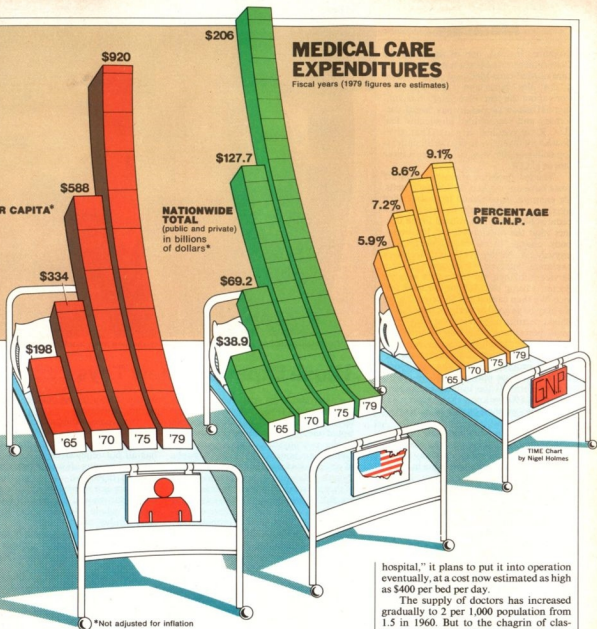
MEDICAL CARE EXPENDITURES

Fiscal years (1979 figures are estimates)

PER CAPITA*

NATIONWIDE TOTAL
(public and private)
in billions of dollars*

PERCENTAGE
OF G.N.P.



*Not adjusted for inflation

Unquestionably, this system has saved innumerable lives and improved the nation's health by encouraging people to seek medical care that they could not otherwise afford (few could without insurance: total payments to doctors and hospitals will work out to more than \$3,500 this year for a typical family of four). But the system could hardly have been better designed to fan inflation than if that had been its purpose. It has in effect repealed for medicine the last vestiges of the law of supply and demand, a free market equivalent of the law of gravity, and made health care a market of weightlessness: what goes up keeps going up.

Patients now are asked to produce their insurance or Medicare cards before they state their symptoms; once satisfied

that they are covered, they rarely even ask what the treatment will cost. Thus demand expands no matter what happens to the national income. Increases in supply do not hold down costs, as they would in a conventional market, quite the opposite. Hospitals build more beds than there are patients available to occupy them: some 25% of the more than 1 million hospital beds in the U.S. are unused on any given day. Then the hospitals must charge more than ever to cover the cost of maintaining those empty beds. A case in point: New York City spent \$200 million on its ultramodern 510-bed Woodhull Hospital in Brooklyn, then found it had a citywide surplus of some 3,000 beds. But since the city would have to spend \$20 million a year to mothball the "dream

hospital," it plans to put it into operation eventually, at a cost now estimated as high as \$400 per bed per day.

The supply of doctors has increased gradually to 2 per 1,000 population from 1.5 in 1960. But to the chagrin of classical market theorists, no competitive fee cutting has occurred. Indeed, one physician calculates gloomily that every time a new doctor begins practice the nation's medical bills go up another \$250,000 a year. Reason: the typical physician generates that much additional business in the tests and hospital admissions.

That might not be the case if the insurers and government bureaucrats who pay the bills kept a sharp eye on costs. But they do not. The Blue Cross movement, which affiliated with the American Hospital Association in 1937, has not rigorously questioned hospital bills until recently. Congress, when legislating Medicare and Medicaid, tacitly agreed to forget about cost controls as part of a bargain to keep the medical profession from opposing the

Medicine

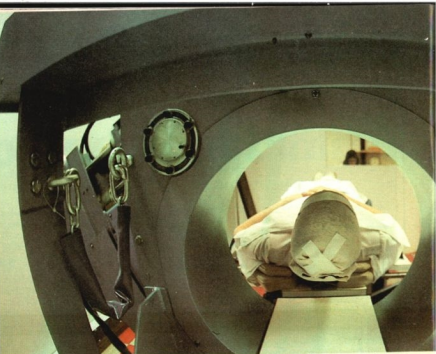
program. Instead, one of the ways the Government reimburses hospitals for the care of Medicare-Medicaid patients is on a "cost plus" basis, and it asks few questions about the cost. Blue Shield and commercial insurers generally pay "usual, customary and reasonable" physicians' fees (U.C.R. in medical jargon). That gives doctors an incentive to charge all patients top dollar, so that they can establish those fees as U.C.R.

The few fumbling attempts to contain costs have not worked. In Massachusetts, for example, Blue Shield has established maximum fees for various medical procedures but so far has refused to tell doctors what the maximums are, lest everybody charge them. Many doctors do anyway. A Boston specialist's secretary explains: "Suppose we charge \$45 for a service and then we learn that another doctor is being paid \$65 for the same service. We then cannot ask \$65 even though we may be as good or perhaps better. Blue Shield permits us to raise our prices by a small percentage from time to time, but we will never reach the maximum allowable. So the answer is to charge the insurance people well over the maximum. For a biopsy, we may put \$110 on the insurance form. If the insurance company returns us \$90, we know that is their maximum, and we then charge accordingly."

Some insurance practices operate directly to drive up costs. Many insurance companies will pay for lab tests only if they are done in a hospital on a supposedly sick patient. The result is to encourage hospitalization of untold thousands of people who could be diagnosed and/or treated at far less cost in a doctor's office. Says one Houston physician: "Say a man in his late 30s to early 40s complains of chest pains. I tell him he needs a thorough physical. In the office my fee would be \$45, the tests \$250, for a total of \$295. But I have to put the patient in the hospital, so his insurance will pay for it. Everything is slow in the hospital, so figure he will be there three days. The cost increases from \$295 to \$900, but his insurance company will gladly pay for it."

Federal and state governments promote unnecessary hospitalization too. In the Miami area, a February survey found four times as many chronically ill Medicaid patients being treated in hospitals as in nursing homes. Dr. Gerard Mayer, who directed the survey, explains: "Medicaid in Florida makes such low payments to nursing homes that the homes limit the number of beds available to indigent patients. The catch-22 is that the patients wind up waiting in hospitals which are even more expensive" because Medicaid does pay nearly 100% of basic hospital costs, whatever they are.

The worst result of the system of third-party payments, however, is a far more insidious one: since the government and private insurers pick up most medical bills,



Patient undergoes CAT brain scan as country debates how many machines are needed

Those Expensive New Toys

When the X-ray machine was introduced in 1896, it was as if Hamlet's desire that "this too too solid flesh would melt" had become eerie reality. Public and physicians alike went wild. Gentlemen bought X-ray photographs of objects concealed in boxes, and fashionable ladies had X-ray portraits taken of themselves as gifts for friends and lovers. But it was physicians who were most intoxicated with the new device's possibilities. Without manual probing, they could now evaluate the extent of bone fractures and precisely locate where foreign bodies were lodged in tissues.

Seventy-six years later, the computerized axial tomography, or CAT, scanner, hailed as the greatest advance in radiology since the discovery of X rays, appeared on the medical scene. Combining X-ray equipment with a computer and a television cathode-ray tube, this revolutionary diagnostic device can visualize cross sections of the human body to detect, among other disorders, tumors, blood vessel damage and bile duct obstructions. But whereas an X-ray machine cost \$50 in 1896, today's CAT scanner may run to \$700,000 or more.

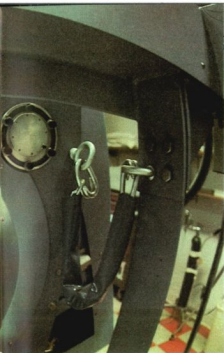
The CAT has become something of a whipping boy in the current cost-containment controversy, a symbol of the insanely soaring expenses of the U.S. medical care system. Government officials and consumers are questioning whether the benefits derived from the flood of innovative techniques of the past 20 years justify the high cost. Even physicians who traditionally have taken to the new technology with the enthusiasm

of small boys trying out new toys, are voicing doubts.

In the case of the CAT scanner, for instance, most doctors would agree with the Boston physician who observes: "It has all but relieved us of doing angiograms or putting air into people's brains. Both of those had an element of risk and were not nearly so accurate as the CAT." But when it comes to the usefulness of whole body scanning there is considerably more disagreement, even though evidence is mounting in the machine's favor. Another important question is how many of the devices the country needs, and can afford.

The questions raised by the CAT apply to practically every other procedure and piece of equipment in use today. Items:

► Electronic fetal monitoring is used in many hospital maternity units during labor and delivery. A sonar-like ultrasound system keeps track of the baby's heart rate, and an electrically wired belt across the mother's abdomen notes uterine contractions. Electrodes are attached to the baby's head to get an electrocardiogram. Blood samples for analysis may be drawn from the baby's scalp. The object: to detect fetal problems early enough for physicians to intervene. The U.S. spends some \$80 million a year on this effort, and the fetal death rate in the U.S. has in fact declined since electronic monitoring was introduced in the mid-1960s, but there is little evidence linking the two. Moreover, critics say that the benefits are un-



80,000 such operations were performed. The average cost: \$10,000 to \$15,000. Despite its growing use, the procedure is highly controversial. Though it relieves patients from severe pain, there is heated debate over whether it is better than less expensive and less risky medicinal treatments in prolonging life.

► Hemodialysis is a lifesaving remedy, though not a cure. Thrice weekly, patients with kidney failure get hooked up to a machine that filters toxic body wastes from the blood. The technique works, no question; the problem is money: about \$25,000 a year in special centers, about half that if the treatment can be performed at home. Since 1973, the government has picked up the tab for dialysis (as well as for kidney transplant operations). The program now covers some 44,000 patients at an annual cost of more than \$1 billion. By the 1980s the projection is 60,000 patients at an estimated cost exceeding \$2 billion a year. Some observers wonder whether the program has been efficient. Even more important is the question of whether society can afford the program at all.

certain and that there is risk to the baby of laceration and infection of the scalp and respiratory problems, and to the mother of uterine perforation, pelvic infections and an unnecessary Caesarean section should the monitoring mistakenly indicate the baby is in distress.

► Coronary bypass surgery was introduced in 1967 to combat coronary-artery disease, the nation's No. 1 killer. The disease is characterized by narrowing of the arteries that supply blood to the heart muscle, leading to severe chest pains known as angina pectoris, or to heart attack and sudden death. In the operation doctors graft portions of a leg vein around the clogged part of the artery, thus creating a detour or bypass for the blood. Last year more than

► Intensive care units, whether for newborn infants, postsurgical patients or those with heart problems, provide, as the name implies, constant surveillance and therapy. Because they have the most sophisticated gadgetry outside the operating room and require a staff-to-patient ratio twice that needed elsewhere in the hospital, they are very expensive services to run. The intensive care unit accounts for about 15% of all hospital costs. Coronary care units may charge \$400 to \$500 a day. Yet, say some doctors, no one is sure whether survival rates are higher than would occur with care in regular hospital beds. Some physicians are also concerned that the bright



Neonatal unit at Houston Hospital

lights, alarms and lack of privacy can frighten patients, impeding recovery or even precipitating fatal heart attacks. In neonatal centers, the infants are usually preemies and may require months, even years, of care before they are well enough to be released. Last year at Houston's Hermann Hospital, eight newborns spent a total of 95 months in intensive care units at a cost of \$1,773,000. Even with this effort, not all babies survive; one died after eleven months.

Is the money spent on these babies justified? Or the \$1 billion to keep 44,000 patients in kidney failure alive?

Doctors agree that many of the new high-technology practices do not necessarily cure disease or even prolong life, but that should not be the only gauge of a technique's value. If the quality of life can be improved, they argue, that is sufficient justification for using it. Besides, says Dr. Cheves Smythe, professor of medicine at the University of Texas in Houston: "Our country doesn't believe in putting people on a hillside."

One problem is that many of the new technology and procedures tend to become entrenched before their value or cost is determined. Even established operations such as tonsillectomy, appendectomy and hysterectomy, and routine medical practices like X-raying the skulls of all trauma victims, have only recently come under review. Some doctors argue that new techniques and equipment, no less than new drugs, must be rigorously evaluated for safety and efficacy by an agency like the Food and Drug Administration before they are approved for general use. Leaving technology to be weeded out by a Darwinian selection process is too slow—and too expensive.



Patient uses portable dialysis machine, but most rely on equipment at centers

Medicine



The "dream" Woodhull Hospital in Brooklyn will probably open its doors even though it will increase a citywide surplus of beds. Medicine is an economic anomaly: the law of supply and demand does not operate, and what goes up rarely, if ever, comes down.

no one in the system has an incentive to hold down those bills. On the contrary: if a doctor or a hospital substitutes an inexpensive treatment for a costly one, he or it merely collects less money from Medicare, Medicaid, a Blue plan or a private insurer.

The lack of necessity to watch costs would be inflationary in any business. In health care it has been catastrophically inflationary, because powerful underlying forces—economic, psychological and technical—would be working to drive up bills even if a determined effort were made to hold them down. Among these forces: ▶ Hospitals are inherently expensive places. They must maintain elaborately equipped facilities—emergency rooms, for example—24 hours a day, even though those facilities are used only sporadically. They are labor-intensive: the general ratio is 2.64 employees for every hospital bed. Aggressive unions have forced hospitals to raise the once depressed wages of their nonprofessional people (cooks, cleaners, clerks) so sharply that, for example, wages and benefits now take 70% of the budget of New York Hospital-Cornell Medical Center, vs. 35% only 20 years ago. The introduction of expensive machinery raises rather than lowers labor costs. For example, if a hospital buys a CAT (computerized axial tomography) scanner, a kind of super X-ray machine, it must also hire highly trained, highly paid technicians to run it.

▶ Doctors feel they have a right to charge high fees—their median income is a towering \$65,000 a year—to make up for the long training they must undergo and the 80-hour weeks that many say they put in, and to compensate them for bearing the responsibility of making life-and-death decisions. Says one Boston specialist with an international clientele: "Remember that when a doctor has finished seven or eight years of schooling, two or three years of internship, two or three years of specialization, by then he is married, starting a family and an expensive practice, and is at his peak outlay. Con-

sider the long years of learning and not earning, the killing hours and loss of contact with family." A few doctors indeed hint that they are underpaid—or observe that they earn less than corporation chiefs and top sports stars, though their value to society is at least as great. Whatever one may think of that argument, the physicians' attitude obviously does nothing to hold down medical costs.

▶ Most important, medicine has become an industry employing costly technology as sophisticated as that found in the space program. Dr. William G. Anlyan, vice president for health affairs at Duke University Medical Center in Durham, N.C., gives this example: "Today, the patient with a heart problem sees his family practitioner who refers him to a nearby cardiologist, who then refers the patient to a tertiary center like Duke. He's evaluated by a clinical cardiologist, then goes to a group of diagnostic laboratory cardiologists and radiologists. If the patient is to be operated on, the surgeons, the anesthesiologist, the pump team, the blood bank in the institution that feeds the pump are involved. The patient goes to a special recovery room with specially trained people to watch him. He's there five days with round-the-clock care. He goes to a rehabilitation unit for the rest of his recovery."

While such elaborate procedures might be justified in the case of a heart operation, doctors generally agree that expensive technology is used much more often than it needs to be, again because no one is watching costs. For instance, hospitals scramble to buy the fanciest equipment available. Secretary of Health, Education and Welfare Joseph Califano charges that hospitals in Southern California contain enough CAT scanners to serve the entire Western U.S.

Major metropolitan hospitals are not the only ones involved in the technology race. Jimmy Carter in April confessed that, as a member of the governing board of Georgia's Americus and Sumter County Hospital in the 1960s he had partic-

ipated in bilking his neighbors. Said the President: "We were naturally inclined to buy a new machine whenever it became available. Then we required every patient who came to the hospital to submit their body to the machine, whether they needed it or not, to rapidly defray the purchase. I did not realize then that I was ripping off people." One reason for the emphasis on machinery: the prestige of a hospital is judged by the quality of the doctors on its staff, and the most talented doctors gravitate to the hospitals that boast the most advanced facilities.

Doctors, too, tend to order every test that a patient could conceivably need. In part, that is done to reassure patients or to protect themselves against malpractice suits. Says Dr. E. Kash Rose, senior radiologist at Queen of the Valley Hospital in Napa, Calif.: "One study showed that 80% of skull X rays were unnecessary for care and treatment of patients. Rib X rays are done purely for the mental relief of the patient rather than for medical reasons. The treatment is exactly the same" whether the X ray discloses a fracture or not.

Says Dr. Noel Thompson of Stanford University and the Palo Alto Medical Clinic in California: "The doctor who does something to the patient—sticks something down his throat or up the other end of his anatomy, cuts him open or takes his picture—receives a much larger amount of money." A fierce dispute rages over how much unnecessary surgery is performed on Americans each year. Though the precise figure is impossible to pin down, no one doubts that at least some doctors will operate on patients who could get by without surgery simply because the Government or a private insurer will pay.

If the diagnosis of why medical costs are shooting up is reasonably clear, the course of treatment that could bring those costs under control is anything but clear. It is easy enough to insist that new technology should be subject to rigorous cost-benefit analysis, but if a new machine

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Medicine

costs, to be hyperbolic, \$5 million, and saves one life in ten years, who is to say the price is not justified? Asks Dr. David Thompson of New York Hospital-Cornell: "If you decide to do without some product of the new technology, which one would it be? And are you willing to take the chance that it won't be available when you, the patient, need it?"

More fundamentally still, the system of third-party payments may be the root of much medical inflation, but the old-fashioned alternative is a kind of rationing of medical care by ability to pay that the nation now would rightly find abhorrent. Says Rashi Fein, a noted Harvard medical economist: "Medicine is a social product like education. To ration health in terms of price is not the hallmark of a civilized society. You can differentiate between rich and poor with Cadillacs and yachts, but not with medicine."

Yet unjustified surgery, unnecessary hospitalizations, unneeded tests and an unwillingness even to consider costs do no one any good. The time is past when the nation could accept the resultant inflation as an inevitable side effect of good health; the price is simply becoming too high.

What then can be done? The experience of other industrial nations offers little comfort; many of them are struggling with medical-cost problems too. In West Germany, where most medical bills are covered by insurance companies supported by tax funds, doctors charge so much that their incomes average \$100,000, far higher even than in the U.S., and medical costs consumed 12.8% of G.N.P. last year. The government, reluctant to raise taxes further, is pressing doctors and hospitals to hold down charges.

In Sweden, where the government provides free medical service, health costs have risen from 9.5% of G.N.P. in 1974 to 11.3% last year. As in Germany, the government is pressing for a hold-down; among other things, Sweden routinely denies expensive organ transplants to people over 70—a cruel but necessary form of rationing. Britain's National Health Service has done a better job of holding down costs; medical outlays as a percentage of G.N.P. (5.6% at last count, in 1977) have been fairly stable. But there has been a price to pay. The nation is suffering from a doctor shortage, because many physicians have left the country feeling that they cannot earn enough under NHS, and waits of three to six months for elective surgery are common.

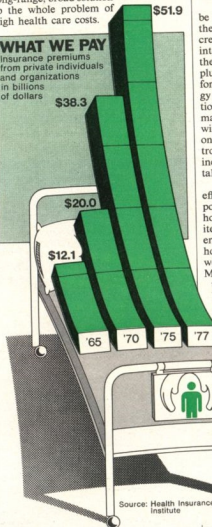
In the U.S., the Carter Administration's immediate proposal is a bill imposing mandatory controls if the medical profession does not clamp down itself. Government interference is, of course, anathema to hospital officials and doctors. Michael Bromberg, executive director of the Federation of American Hospitals, claims that the public "doesn't care" about the cost problem. "But it is a

good issue to demagogue about," he adds. "even if the President loses his bill."

Carter and HEW Secretary Joseph Califano are betting that Bromberg is wrong about a complacent public. Indeed, many members of Congress are feeling so much heat from constituents that they are also seriously beginning to consider a long-range, broad solution to the whole problem of high health care costs.

WHAT WE PAY

Insurance premiums from private individuals and organizations in billions of dollars



A surprising total of 21 bills proposing some form of national health insurance have been introduced in the House, and ten in the Senate this year.

The first showdown will be over the hospital cost containment bill. Carter introduced a similar bill in 1977, and while it passed the Senate last year, the hospitals applied enough local pressure to get it killed in the House Commerce Committee by one vote. This time the President, Califano and Administration aides are lobbying intensively, something they failed to do in 1978, calling the bill "the litmus test" of whether a legislator is really serious about fighting inflation. The bill,

Carter insists, would save the country "some \$53 billion" over the next five years—the amount by which he estimates medical costs would increase if no limits were enacted. The Congressional Budget Office is less optimistic; it pegs the likely savings at \$31.7 billion. But adds one of the office's analysts: "That's still a lot of bucks to save."

Under this year's bill, hospitals would be given until Jan. 1, 1980, to show that they can voluntarily hold down the increase in their costs. Controls would go into effect only if hospitals fail to keep their average annual increase to 9.7%, plus an adjustable figure to compensate for general inflation. That is hardly a stingy rise. Even so, more than half of the nation's nearly 6,000 community hospitals, mainly those in small towns and in states with effective cost control laws already on the books, would be exempt from controls. The country's 1,200 other hospitals, including psychiatric and federal hospitals, would also be exempt.

Once the mandatory controls are in effect, the Government would have the power to require that the fees received by hospitals from their bed patients be limited by a complex formula based on general inflation, local wage levels and each hospital's efficiency. The Government would order Blue Cross, Medicare and Medicaid not to pay a hospital more than the specified increase. Hospitals would be required to set aside part of the payments they received from private insurance companies. If these payments exceeded the prescribed limit, the hospitals would have to reimburse the insurers. If they failed to do so,

the Government would have the power to take all of the hospitals' "excess" revenues, plus a punitive sum equal to 50% of the amount.

John Alexander McMahon, president of the American Hospital Association, calls the proposal so horribly complex that it would be "unworkable."

Actually, a few of the bill's supporters, including Senator Kennedy,

agree that there is a problem. Kennedy's subcommittee on health last week modified the Carter plan by increasing the voluntary limit to 10.9%, more carefully defining the conditions under which a hospital could be exempt from mandatory controls, and setting Dec. 31, 1984, as the date when controls would end, unless Congress acted to extend them.

McMahon argues that Carter's bill would create "a huge bureaucracy to do something that is already being done voluntarily." He notes that hospitals have cut their rising costs from 15.6% in 1977 to 12.8% last year. Michael Bromberg also protests that it is unfair to single out hospitals when such industries as food and



Kennedy announcing health insurance plan

housing contribute more to inflation.

The Administration has strong arguments against both points. Califano contends that hospitals braked their price increases only to counter the threat of Government controls, and predicts: "The day the Congress stops working on this problem, hospital rates will take off like a rocket headed for the moon." As for unfairness, Califano replies that, unlike other industries, hospitals operate in a "virtually noncompetitive system that says spend, spend, spend."

Politically, the fight is shaping up along party lines. The Democrats generally favor the bill, although some agree with the Republicans that it would allow an unwarranted intrusion by the Government into hospital affairs. The G.O.P. also sees the bill as a wedge to open the way for price controls in other industries. Contends Republican Congressman David Stockman of Michigan: "It is a classic Rube Goldberg legislative contraption that will be impossible to implement and virtually make Califano the hospital czar in the U.S."

Nevertheless, on balance, the combination of third parties paying most hospital bills and the noncompetitive nature of hospital care seems to have forced costs so completely out of control that, despite the obvious risks, only the Government may be able to clamp on a lid.

National health insurance is a perplexing matter to assess. The issue is also confusing because it takes so many different forms, and the costs, some of them stupendous, are so difficult to pin down. Nearly all sponsors seem to agree, however, on one point: the current mood against increased spending precludes any costly health insurance program for some time.

The three most prominent proposals are those of Kennedy, Louisiana Senator Russell Long, who advocates a far more restricted measure; and Carter, who takes a more modest, middle-of-the-road approach. The three:

KENNEDY. His revised plan, announced last Monday, would require that all Americans, regardless of income or age, be covered. He has backed away from his earlier advocacy of making the Government the basic insurer. Instead, he would inject competition into the scheme by letting people choose whether they wanted to be protected by a consortium of commercial insurance companies, by Blue Cross-Blue Shield, or by joining independent group health plans or health maintenance organizations (H.M.O.s). Employers would be liable for the premium payments, estimated at \$11.4 billion a year more than they pay now, but they could require workers to provide up to 35% of that amount. The workers' share would be related to their salaries. The Federal Government, as it does now, would pay the bills for most elderly and poor patients, but at a cost estimated at \$2.6 billion a year more than it now pays. Kennedy would phase in the program over seven years or so, starting in 1983. Opponents claim that the Kennedy plan would cost closer to \$45 billion.

LONG. He would restrict coverage to so-called catastrophic illness or accidents, protecting everyone against the huge medical bills that can bankrupt even a moderately well-off family. He has suggested, for example, that payments begin after \$2,000 in doctor's fees plus 60 days of hospitalization. At minimum room rates, that would be a "deductible" of at least \$12,000. The \$3 billion-a-year plan would be financed entirely by employers. Long wants the plan to be fully enacted as soon as possible. "It is time to stop talking about these problems and start doing something," he insists.

CARTER. The details are still being worked out by HEW, which has taken so long on the plan that a White House aide reports: "Carter is pissed off with Califano." Now expected to be made public later this year, the scheme would expand Medicare and Medicaid benefits for the aged and the poor. In addition, it would give those unprotected by company or public plans a chance of buying insurance at a "reasonable" cost, although that figure has not yet been determined. This insurance, subsidized by the Government, would provide a "core benefit package," including hospital and physician services, X-ray and lab tests, and would also probably provide some kind of catastrophe coverage. Cost of the total Carter plan to the Government: \$15 billion a year. Employees and employers would pay \$5 billion.

Both Kennedy's and Carter's plans make a desperate stab at trying to control the alarming rise in health costs. Carter's assumes passage of the hospital cost containment bill and it might also require that the fees charged by physicians be negotiated by the Secretary of HEW and a board composed of consumers, insurers and health care representatives. In essence, Kennedy advocates giving the

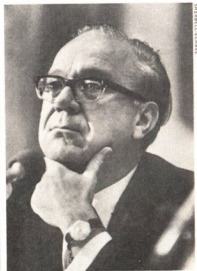
Government veto power over payment scales worked out on a state basis through bargaining among the insured, the insurers, the doctors and hospitals.

The White House and Kennedy contend that public sentiment is building irresistibly for the eventual enactment of some kind of universal health insurance plan. The present programs vary wildly but have one thing in common: the costs keep rising.

Beyond the politicians' remedies, there are more immediate, if less comprehensive steps that the profession and the various insurance plans already in force could take to control costs.

The first essential is to reform insurance practices. Some beginnings have been made: Blue Cross-Blue Shield will no longer automatically pay for a battery of tests administered to every patient who enters a hospital unless each test is specifically ordered by the attending physician. Insurance policies should be rewritten to pay for lab tests and other care administered in a doctor's office rather than a hospital. If Congress will not push the Blue plans and private insurers in this direction, corporations could and should. Exxon, General Motors and AT&T have the bargaining power that individual patients lack and a powerful incentive to hold down medical costs: the lower the insurance premiums they pay, the more money they will have to expand plants, raise wages or distribute to stockholders.

The Government should revise Medicare and Medicaid reimbursement formulas to pay hospitals a set amount for, say, removal of a gallstone, rather than costs-plus. Says Dr. Mitchell Rabkin, director of Beth Israel Hospital in Boston: "I'd like to see a system of incentives—say, if we saved money, that money could be split between the insurer and the hospital." Califano and some state regulators also are launching a drive to require that a majority of the directors of



Long, author of "catastrophe" coverage plan
A time to stop talking and start doing.

Medicine

any Blue Shield plan be laymen. At present, many Blue Shield plans are dominated by doctors, who, to put it delicately, have no great zeal to question fellow physicians' fees.

Hospitals could keep a far sharper eye on costs. Says Duke University's William Anylan: "You must have someone who is a rat and not a mouse on the hospital board—someone has to say no to a request for buying a \$100,000 piece of equipment." If the Government and private insurers provided an incentive to hold down costs, the "rats" could force a much greater sharing of facilities. Detroit's Henry Ford Hospital, for example, provides computerized electrocardiogram analysis for seven other hospitals in Michigan. When a heart patient checks into Crystal Falls Community Hospital in the Upper Peninsula, a physician attaches wires to the patient's arms, legs and chest, then pushes a button that activates a line to the Ford Hospital computer. As soon as a circuit is clear, the Detroit computer signals "go," then reads the electrical signals and transmits an analysis of the readings—at far lower costs than if the Upper Peninsula hospital had its own computer.

A number of hospitals are already making efforts to keep a sharper eye on costs. At California's Long Beach Community Hospital, staff doctors meet at least four times a year for what they call "economic rounds," studying patients'

ills to make sure they are not padded. At one such meeting a few weeks ago, a slide of a bill was projected on a screen. A tumor specialist quickly asked why the hospital had ordered two computerized blood tests when one—the cheaper one, at that—would have sufficed. In a very different cost-cutting program, New York University Medical Center has designated 104 rooms in a new building for a "co-operative care" experiment in which patients who are well on their way to recovery but cannot yet leave the hospital are looked after by friends and relatives rather than staff members.

On a far larger scale, one of the most promising alternatives to the traditional medical system is group-practice health maintenance organizations, which hire doctors to work on salary rather than charging fees for specific services, and sign up hospitals to take on their patients. A customer joining an H.M.O. pays a set monthly fee—\$47 for individuals, \$116 for families in the Harvard Community Health Plan in Boston. That fee entitles the subscriber and his family to any medical services they may need, from a routine physical exam to open-heart surgery.

The monthly fee would be too high for most prospective patients to afford, unless employers paid most of the premi-

ums. Companies are only beginning to explore the idea. In the Detroit area, GM, Ford, Chrysler and the U.A.W. have joined to sponsor the largest H.M.O. in Michigan, called Health Alliance Plan. Says Jim Walworth, executive director of the plan: "It is our feeling that H.A.P. rates will be 10% lower than the costs of typical conventional medical programs in this area."

Many physicians argue that the only way the U.S. is going to bring its medical costs under control is by emphasizing preventive medicine instead of crisis care. They stress exercise, weight control, cutting out drinking and smoking. Says Dr. Hoyt D. Gardner, president-elect of the A.M.A.: "America medically suffers more from affluence—and consequent self-indulgence—than from poverty." But not many doctors are genuinely optimistic that much will be done.

No great optimism is justified either when it comes to cutting medical costs overall. Medicine cannot be made cheap, given the costs of its technology, and by its nature it cannot be anything but a seller's market. But U.S. health care bills do not have to shoot up as rapidly as they are doing now. The big question is whether doctors, hospital administrators, insurers and employers can devise ways to bring the public the benefits of technology at an affordable price, without a federal whip being held over them. ■

AM*A*S*H Note for Docs

*The man who may be everybody's favorite doctor never disguised a frog in med school, never made rounds as an intern, never even earned an M.D. degree. No matter. When Actor Alan Alda, 43, known to millions of viewers as Army Captain Hawkeye Pierce of the Korean War-era 4077th Mobile Army Surgical Hospital (M*A*S*H), spoke at the Columbia University College of Physicians and Surgeons commencement last week, he was absolutely right in telling the class, "In some ways you and I are alike. We both study the human being. We both try to reduce suffering. We've both dedicated ourselves to years of hard work. And we both charge a lot." Alda, named an honorary member of P and S's 210th graduating class, also offered some heartfelt advice to the new doctors as they prepared to pick their way through "the minefield of existence."*

Excerpts:

Be skilled, be learned, be aware of the dignity of your calling. But please don't ever lose sight of your own simple humanity.

Unfortunately, that may not be so easy. You're entering a special place in our society. People will be awed by your expertise. You'll be placed in a position of privilege. You'll live well, people will defer to you, call you by your title, and it may be hard to remember that the word doctor is not actually your first name.

I ask of you, possess your skills, but don't be possessed by them. You are entering a very select group. You have a

monopoly on medical care. Please be careful not to abuse this power that you have over the rest of us.

Put people first. And I include in that not just people, but that which exists between people. Let me challenge you. With all your study, you can read my X rays like a telegram. But can you read my involuntary muscles? Can you see the fear and uncertainty in my face? Will you tell me when you don't know what to do? Can you face your own fear, your own uncertainty? When in doubt, can you call in help?

OSCAR ANDRUPA



Alda at Columbia med school

Will you be the kind of doctor who cares more about the case than the person? ("Nurse, call the gastric ulcer and have him come in at three.") You'll know you're in trouble if you find yourself wishing they would mail in their liver in a plain brown envelope.

Where does money come on your list? Will it be the sole standard against which you reckon your success? Where will your family come on your list? How many days and nights, weeks and months, will you separate yourself from them, buried in your work, before you realize that you've removed yourself from an important part of your life? And if you're a male doctor, how will you relate to women? Women as patients, as nurses, as fellow doctors—and later as students?

Thank you for taking on the enormous responsibility that you have—and for having the strength to have made it to this day. I don't know how you've managed to learn it all. But there is one more thing you can learn about the body that only a non-doctor would tell you—and I hope you'll always remember this: the head bone is connected to the heart bone. Don't let them come apart.

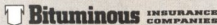
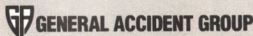
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Reed T. Draper
Saginaw, Michigan



Emory Geller
Akron, Ohio



Jerome J. Holz
Hales Corners, Wisconsin



Joseph Levy, Jr.
Evanston, Illinois



Freda L. Lockhart
Indianapolis, Indiana



James M. McComb
Peoria, Illinois



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Milestones

BORN. To Sweden's King Carl XVI Gustaf, 33, and his German-born wife Queen Silvia, 35; their first son, second child; in Stockholm. Name: Carl Philip Edmund Bertil, Duke of Värmland.

MARRIED. Dr. Mary I. Bunting, 68, geneticist, president of Radcliffe College (1960-72) and first female member of the Atomic Energy Commission (1964-65); and Dr. Clement A. Smith, 77, professor emeritus of pediatrics at Harvard Medical School; both for the second time; in Cambridge, Mass.

DIED. Thomas K. Scherman, 62, founder, musical director and chief sponsor of the Little Orchestra Society throughout its 27 years; of heart failure; in New York City. Son of the founder of the Book-of-the-Month Club, Scherman was a prodigy who read music before words, studied with Otto Klemperer, and used his personal wealth to create his own half-size orchestra. Though considered a second-rate conductor, Scherman was admired as an explorer of new music and rediscoverer of such forgotten compositions as Berlioz's *L'Enfance du Christ*. He premiered more than 100 orchestral works.

DIED. Boris Chaliapin, 74, Russian-born artist who exhibited widely and painted more than 400 cover portraits for TIME; of cancer; in New York City. The son of the famed Russian basso Feodor Chaliapin, Boris was named for his father's most famous role, Boris Godunov. After studying art in Moscow, he spent ten years polishing his skills in Paris. In 1935 he emigrated to America, and seven years later he sold TIME his first and favorite cover portrait (of Jawaharlal Nehru). TIME's most prolific cover artist, Chaliapin was also its swiftest: he was able to complete a portrait in seven to 15 hours, usually working from a photograph. A realistic painter, Chaliapin was an implacable and voluble foe of modern abstract art: "I want a lineoleum design on the floor, not in a picture on the wall."

DIED. Jean Rhys, 84, reclusive British author who wrote critically acclaimed novels in the '30s, disappeared for 20 years, and regained celebrity with the 1967 publication of *Wide Sargasso Sea*; in Exeter, England. Struck by her "instinct for form" and "almost lurid passion for stating the case of the underdog," Ford Madox Ford became her literary mentor and, ironically, a model for the contemptible men in her stories who invariably prey on fragile, Rhys-like heroines. Rhys, who was writing her memoirs when she died, observed: "If you want to write the truth, you must write about yourself. I am the only real truth I know."

DIED. A. Philip Randolph, 90, silver-tongued crusader for blacks' civil rights and pioneering organizer of black labor; in New York City (see NATION).

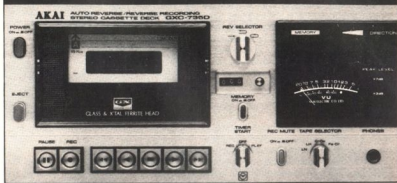
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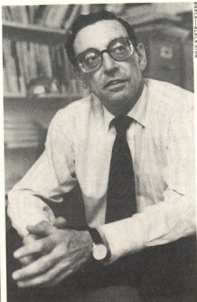
Kissinger and Kraft in China

When he accompanied President Ford to China in 1975, Secretary of State Henry Kissinger was trailed by the customary entourage of diplomatic correspondents, television commentators and syndicated columnists. When Kissinger disclosed that he would be returning to the People's Republic as a private citizen last month, some of his former traveling companions asked to go along. Only one was chosen: Columnist Joseph Kraft.

Kraft was a logical choice. He had known Kissinger for years and had been a student of China since his World War II days as a cryptographer in the Pacific. He had been to the country five times before, and over the years had turned out a stream of China-related columns and one book, *The Chinese Difference* (1973). "It's still pretty good," says Kraft. "I didn't go ape on the Chinese or the Maoist man or anything like that."

Nor did Kraft go overboard in praise of China on this latest, ten-day trip to five cities. The five columns he wrote portray China as beset by ideological and economic confusion, and disappointed with what Peking perceives as the U.S.'s unwillingness to stand up to the Soviet Union. Kraft did far less independent wandering than on his previous trips, but visited more museums and historic sites. "This was the first time that I bathed in the sea of Chinese history," he says. "I had the almost existential sense of these 6,000 years of rising civilization in China."

The Kissinger party met with top Chinese leaders, including Party Chairman



The columnist at home in Washington

"I bathed in the sea of Chinese history."

Hua Guofeng, Vice Premier Deng Xiaoping and Foreign Minister Huang Hua. Kraft reports he was surprised to find that Vice Premier Deng, only recently regarded as the undisputed leader of China, "seemed restrained, almost wistful—not the self-confident boss secure at the top of the greasy pole he so often climbed before." By contrast, the columnist found Deng's reputed rival, Party Chairman Hua, to be "well informed and composed. He didn't give the impression of someone being threatened from below."

Kraft, who coined the term Middle America in 1968, has in recent years moved more to the middle himself. Once tagged a liberal, he now considers himself an "antipopulist," and believes that egalitarianism can breed mediocrity. "This country eats up elites for breakfast," he explains. "Yet it's necessary to preserve some kind of quality—quality of education, of birth, of leadership, whatever." An early and tough critic of the Carter Administration, Kraft is not universally popular, but is must reading in Washington. He uses a priceless list of elite sources to compile his thrice-weekly column (syndicated by Field Enterprises to 250 newspapers) and frequent magazine articles (usually for *The New Yorker*). Kraft writes from a comfortable study in his Georgetown home, but he travels so incessantly that his office is more often some foreign hotel room.

Kraft's detractors complain that he can be exasperatingly self-important, in print and in person. If he lacks the stylistic grace of George Will or the punning ebullience of William Safire, he makes up for it in soundness and breadth of subject matter. Straight-faced, Kraft describes a typical dilemma last week: "This morning when I got up I didn't know if I would write about Rhodesia or about Carter and Brown or about the surge in business investment. I finally decided on Carter and Brown." Says Richard Strout, *Christian Science Monitor* correspondent: "Washington is getting more difficult and technical all the time, but Kraft manages to be familiar with a wide range of things." That can be a problem, though, says Kraft: "I get in trouble when I want to do two things at once." ■

Science

Wedding Whirs

1979 is a cicada year

Already, from the Carolinas to New York, little holes are appearing in lawns and backyards, hillsides and woodlands. Any evening now, out will pop millions of dark little bugs. They will scamper up almost any upright object—trees, poles, buildings—and soon strike up a joyous racket, marking nuptial rites after being buried alive for 17 years.

They are periodical cicadas (pronounced sih-kay-duhs), the world's longest-lived insects. Despite a locust-like appearance, they neither bite nor sting nor devastate vegetation. Entomologists currently count 19 separate "broods," which appear at various times in different parts of the country, some once every 13 years.

But all follow roughly the same miraculous life cycle. Growing through five skin-shedding molts and sucking nourishing juices from roots, they emerge with uncanny precision, triggered by some still mysterious internal clock.

In the open, they shed their dry, yellowish skins for the last time. Soon the males strike up their cacophony of ticking, buzzing and shrill whirring sounds. It is all music to the females, who slit open tree bark after they have been impregnated and store their fertilized eggs



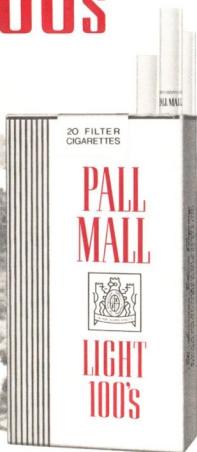
A patient cicada finally sees the light

there. A few weeks later, both parents die. But cicada life goes on as the eggs hatch. The newborn nymphs drop to the ground, burrow, and the age-old cycle starts anew.

Baffled scientists are still unsure why the cicadas behave as they do, but suspect that it may all be a defense against predators like birds. As Entomologist Chris Simon of the State University of New York at Stony Brook writes in *Natural History*, when the cicadas finally emerge, it is in the shadows of dusk. They also gain protection from their monstrous numbers—as many as 1.5 million per acre. Finally, since they appear only once every 13 or 17 years, nature may have endowed them with an unlikely mathematical defense. These are prime numbers, divisible only by themselves, and so parasites would have to live at least as long—a half or a quarter would be improbable—to partake in a 17-year feast. ■

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Sport



Triumphant Marylanders at Pimlico

Welcome Home!

Spectacular Bid wins the Preakness

You can go home again, especially if you go home a winner. Spectacular Bid and his entourage returned in style last week, winning the Preakness by $5\frac{1}{2}$ lengths before home-town fans at Baltimore's Pimlico Race Course. It was a dazzling performance by the big gray son of Bold Bidder, the heaviest favorite for the Preakness since Man o' War went to the post in 1920. Carried wide by the field through the clubhouse turn, Spectacular Bid exploded on the backstretch, striding effortlessly past the early leaders to take command of the race. Though Jockey Ronnie Franklin eased him to the wire, Spectacular Bid finished the $1\frac{1}{4}$ -mile Preakness circuit just $\frac{1}{2}$ sec. off the track record.

The victory was a sweet ending to a

long, troubled journey for Owner Harry Meyerhoff, Trainer Bud Delp and Jockey Franklin. They had left the friendly and familiar confines of Maryland tracks last winter to campaign Spectacular Bid at Triple Crown prep races in Florida and Kentucky. As newcomers to big-time racing, they quickly found themselves snubbed by the Thoroughbred establishment. Meyerhoff, a retired millionaire builder from Baltimore, and his wife were not even invited to the traditional ball before the Flamingo Stakes, despite the fact that their colt was heavily favored and indeed won the race the following day by twelve lengths.

When the Baltimore contingent moved to Kentucky, few other trainers offered Franklin mounts in races before the Kentucky Derby. To familiarize his inexperienced jockey with the tracks, Delp had to import a string of horses for Franklin to ride. Delp blasted Kentucky's horse hierarchy for making such maneuvers necessary: "We're outsiders and these Kentucky hardboots aren't going to do a thing to help us. This is a cutthroat business, and there's always been a lot of jealousy because I came up through the ranks. But we don't need them. Ronnie will ride our horses, and when Derby Day comes, he'll know where the finish line is."

Franklin was first to find the finish line at Churchill Downs and, back home in Maryland, he basked last week in long overdue adulation. Neighbors decorated their houses with signs proclaiming WELCOME HOME, CHAMP! Later this week, his old high school will celebrate Ron Franklin Day, rare recognition for a truant who dropped out of school during his junior year.

For Delp, the homecoming meant a return to a track where his loud clothes and louder boasts are accepted as part of racing, rather than viewed as an affront to the sport's traditions. Pausing to insert a cigarette in a new golden holder, and watching to see that the photographers had a good angle, Delp held forth: "My horse is gonna win. I predict that now. My horse is gonna win unless he breaks his leg or his neck."

Wounds heal better at home, and so the snubs and criticisms of the spring mended under the affectionate attention of Maryland fans. Admirers came to watch Spectacular Bid sweep through the early morning fog in his pre-race workouts. Delp gloried in the attention of railbirds and backstretch buddies. The Meyerhoffs had the satisfaction of being invited to several Preakness parties. Franklin broke his isolation to sign autographs for fans at a local department store. And then Spectacular Bid, who won the first two starts of his racing career at Pimlico, provided the best moment of all: a convincing victory in the Preakness. Franklin summed up: "The horse knew it was his home and he ran like it." ■

Success Abroad

Cauthen rallies in Europe

While the Triple Crown was being fought out in the U.S., a talented young man who knows all about the demands and rewards of the top American races for three-year-olds was riding to new success 3,000 miles away. Jockey Steve Cauthen, still only 19 and last year's Triple Crown winner with Affirmed, was finishing first consistently against the best riders in Europe.

His biggest triumph came earlier this month at Newmarket, England, in the race known as the 2,000 Guineas, the first in the English version of the Triple Crown. He urged Tap on Wood from the middle of the field to win by a head. It was a brilliant ride aboard a 20-to-1 shot, and left Cauthen exultant: "I was thrilled, as thrilled as if I'd won the Kentucky Derby!"

He could become the first jockey ever to win Triple Crown championships on both sides of the Atlantic, but the shy young man remains as modest as ever. "I came over, I got some nice horses and I won some races."

Cauthen went to England after a disastrous winter riding bad horses in California. "I love it here," he says. "Each track has got a history to it, and the people are crazy about racing." Later this year he plans to ride in Japan, and he talks of returning to the U.S. for a while and then going back to Europe, where the teen-ager from Kentucky already feels like a man of the world. ■



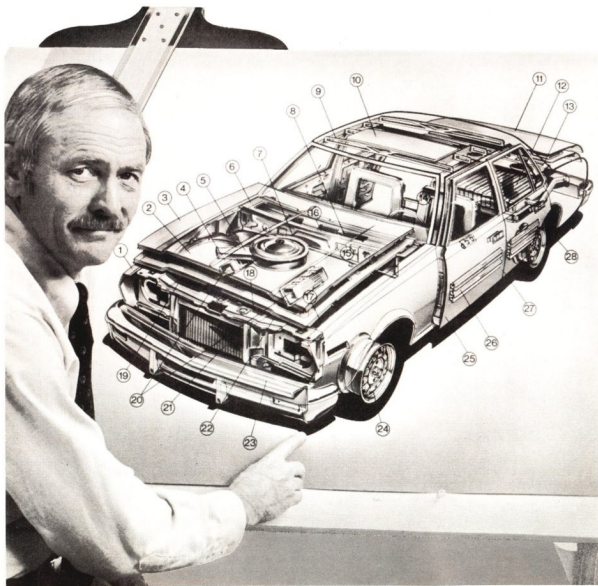
Triumphant Kentuckian at Newmarket
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People



Willie Nelson with host and presentation bowl at the White House

That was no *Red Headed Stranger* standing in the Oval Office in braids and denim pants. That was outlaw Country Star **Willie Nelson** presenting **President Carter** with a Steuben bowl for the President's efforts

on behalf of country music. The award was recently created to honor people who make unique contributions to country music, and when the votes for the first recipient were counted, Carter was told, "lo

and behold, your name led all the rest." Considering some of the other polls the President has been reading lately, that was sweet music indeed.

She once claimed the White House sent her flowers bugged to record her hospital room conversations, but now she fights only the bugs in her vegetable garden. **Dita Beard**, who set off more than just a barnyard squabble eight years ago when she allegedly composed a memo hinting that her employer, ITT, had bribed the Republican Party, today has a small farm in West Virginia, complete with garden, two goats, three dogs and two cats. "In the beginning I went into farming in a big way," explains Beard. Then came the revelation: "An actual farmer I am not." The woman who suffered chest pains—and a visit from a red-wigged **Howard Hunt**—around the time she was called upon to testify about the memo still feels "lousy, more because of mileage than years."

Having exchanged the world of cover-ups for that of coveralls, at 60 she passes her days "relaxing and getting fat," and presumably keeping her distance from the Dictaphone.

Whatever **Jimmy Carter** has done as President, it was not without Reason. Commander



Dita Beard down on the farm



Douglas waving to crowd; Forman and Hair set on the beach; Mariel Hemingway poses for pappa

Oh, to be in Cannes, now that spring's there. And with the season comes the resort's film festival and the high and flighty of filmfdom. The rituals were reassuring, as ever. Starlets untrapped for *paparazzi*: **Kirk Douglas** drove up between tennis matches; **Yves Montand** did the scene hand-in-grin with **Lauren Bacall**; and **Karen Black's** cleavage was a star attraction at the Playgirl Club. One involuntary cancellation: Director **Stan** (*Love at First*

Bite) **Dragoti**, who was nipped in Frankfurt by airport security devices that beeped a foil-wrapped 24-gm cocaine packet taped to his back.

For all the usual fluff and kisses, it was an unusually vintage American year at Cannes. *The China Syndrome*, *Norma Rae* and *Days of Heaven* were entered in the competition, and *Hair* and *Manhattan* were screened for sheer pleasure. *Hair* Director **Milos Forman** and his cast cavorted on the beach-



Joseph Paul Reason, U.S.N., 38, that is, who as the President's naval aide has also been his bagman. Reason dogged Carter across the country and the world carrying a familiar black bag, a.k.a. "the football," stuffed with necessary signal codes and target information in case the President had to order instant retaliation for a nuclear attack. Reason, who at 6 ft. 3 in. is easily visible behind his 5-ft., 9½-in. fellow Annapolis graduate, had to scramble last month when Carter, vacationing in Plains, slipped away to go fishing alone without informing anyone. The bagman is tossing in his football because if Reason ever expects to make admiral, he needs more sea duty. He leaves the White House to become executive officer of the nuclear cruiser U.S.S. *Mississippi*.

Fereydoon Hoveida, 54, has taken the advice that personnel experts usually dish out to business executives who get the sack: Use your new free time doing something you have been wanting to do. Hoveida, fired as Iran's longtime United Nations ambassador by the

revolutionary regime, is devoting his time to writing and art. The deposed diplomat, who in the past penned essays, film criticisms and six novels, has turned to nonfiction: the events that led to the downfall of the Shah and the execution of Hoveida's older brother, former Premier **Amir Abbas Hoveida**. Meanwhile, a Manhattan gallery is showing 37 examples of his Persian calligraphy, which consists of colorful, paper-on-paper abstractions. Eighteen have already been sold at prices ranging from \$300 to \$1,100.



Deposed Iranian U.N. Ambassador Fereydoon Hoveida with his Persian calligraphics on display in Manhattan

If Basketball Superstar **Bill Bradley** can be elected U.S. Senator, why not Football Supercoach **Woody Hayes**, 66? Some Ohio Republicans ask that as they seek a candidate to face Democrat **John Glenn**, who after all won his seat five years ago because he had been the first U.S. astronaut to orbit the earth. Hayes, coach of Ohio State superteams for 28 years, is a Republican with strong views and statewide recogni-

tion for his patriotic speeches on the American way. Before his Columbus goodbye to coaching last winter, Hayes was famous for turving his cap over a bad play or bullying a photographer out of his 205-lb.-weight path. He was finally fired for whonking a Clemson linebacker who made the mistake of intercepting an O.S.U. Gator Bowl pass and running it back along Woody's sideline. If "Coach" beats Glenn, imagine what might happen to a liberal Senator who lined up slant-left on some issue Woody takes to heart.

es. **George Hamilton**, star of Dragoti's *First Bite*, hammed it up as *Dracula*. *Manhattan's* nova, **Maril Hemingway**, was on hand, chaperoned by her father Jack.

But it was *Apocalypse Now*, dubbed *Apocalypse Maybe* by cynics that stirred the most anticipation. Shown by *Godfather I & II* **Francis Ford Coppola** as a "work in progress," the movie seems to have taken him almost as long to make as the Viet Nam War that is its sub-

ject lasted. In Cannes, Coppola anchored a quarter-mile off the coast aboard a rented (for \$4,000 a day) yacht. He came ashore at one point to attend a press conference called by Director **Roman Polanski**. Polanski, who had *Starlet Nastassja Kinski*, 18, on his arm



all week, badly promised that he was planning to return to California to face a sentence for having sexual intercourse with a 13-year-old girl. In Cannes's past, a heavyweight like Coppola would have usurped such a conference. Trouble was that Coppola has undergone such an apocalyptic weight loss—100 lbs. since shooting began on his extravaganza—that the festival's headhunters scarcely recognized him.

Bacall and Montand on the town



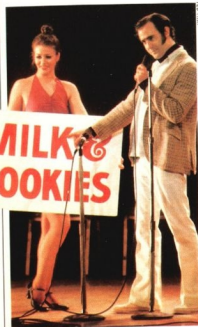
Black as vamp: Hamilton as vampire seeking blood donations



Show Business

Laughter from the Toy Chest

Andy Kaufman, comedy's stand-up Pirandello



Promising his audience an after-show treat

Awkwardness. Embarrassment. Gradual... shame. The eyes start to bulge. The body tries to move, but the feet stay still. He runs in place from the waist up. Perspiration starts to form on the upper lips. There is just the suggestion... yes... a smile. But it is camouflage, a thin subterfuge hiding disorientation, incipient humiliation, blind panic.

He tries to speak, manages a halting, cover-all "Thank you very much" delivered in some unheard-of accent that sounds like south-of-the-border Maltese. Then he dives ahead, attempting another impersonation. Same accent. Same tone. Same delivery. Now the fear hits again, so bad this time that he forgets everything... and has to go back to the start of the act. He takes it all from the top. Already accomplice in his fate, the audience becomes part of his misery, both the reason and redemption for it. The man will not stop, either. Finally he bails himself out with a saving, dazzlingly accurate impersonation of Elvis Presley.

Andy Kaufman sheds characters like a cold-sufferer discarding Kleenex. He is not only this indomitable overreacher called simply "Foreign Man." He can be, as easily, a lively Vegas saloon singer named Tony Clifton; a heart sick yearner after a lost love from the seventh grade; a ringmaster for a kind of rainy-afternoon kiddie show, full of cartoons and silly

songs. In all those guises, Andy Kaufman is a little like a stand-up Pirandello. But what adds particular piquancy to his lavish charades is Kaufman's adamant refusal ever to drop his own mask.

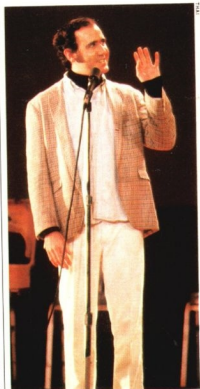
Kaufman's most familiar incarnation is also his most comforting, a benign extension of Foreign Man tailored for situation comedy and appearing weekly, under the name Latka Gravas, on ABC's smash sitcom *Taxi*. But Latka fans who sought out Kaufman at his frequent unscheduled appearances at comedy clubs or who checked out his recent concert at Manhattan's Carnegie Hall got something of a shock. Lovable Latka is there all right, but reduced to supporting status; his cute malapropisms ("America is a tough town") are cut entirely; only his accent, and the loony-tune vocabulary, remain to reassure. The concert was like a childhood Saturday spent with the strange little boy down the block. Kaufman takes skits out for random amusement like a kid pulling old toys from a chest.

"When I perform, it's very personal," Kaufman says. "I'm sharing things I like, inviting the audience into my room." He means this literally. The Mighty Mouse record he sings along to is his own, from childhood; the cartoons he shows—including a couple of kindergarten antiprejudice tracts—were long-ago gifts from his grandfather. "The audience," says his collaborator Bob Zmuda, 29, "is asked to become babies again." This is a sort of low-level exercise in primal manipulation that might turn precious, like a Steve Martin extravaganza of silliness. But Kaufman, whether he chooses to acknowledge it or not, is up to something a good deal more ambitious. He is continually questioning, then undermining the idea of what is funny. "Andy takes a lot of risks," Zmuda says. "What performer in his right mind would go onstage and deliberately bomb?"

This is not everyone's idea of a barrel of laughs. Which is part of the point. Like a more controlled and benign version of a happening, Kaufman's show engineers a guerrilla takeover of comic consciousness. "I try to please people, to give them a good time," Kaufman says. "But I refuse to make my act conform to traditional show-biz standards of entertainment." Presumably unaware of this, ABC gave Kaufman \$100,000 for a 90-minute special of his own. The result began with Foreign Man urging viewers to turn off their sets, went on to include an interview with Howdy Doody and a variety spoof called "The Has-Been Corner." The show is altogether some of the best and most

dazzling comedy done for television—but it remains unaired, deemed too avant-garde by network executives. "They said it was brilliant, like Ernie Kovacs," Andy recalls. "I never saw Ernie Kovacs, but I understand that's a compliment."

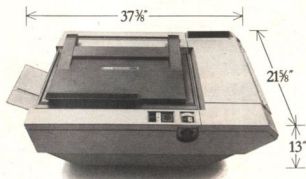
Indeed, like the TV special, much of Kaufman's work seems like an open rebuke to show-biz standards. The Carnegie Hall show featured a bunch of performing moppets called the Love Family, who bounded onstage, delivered glutinous renditions of execrable standards like *The Impossible Dream* and soon had the audience applauding in mockery, booing and calling for mercy. "When I bring out my performers, people think it's a put-on," Kaufman complained to TIME's Elaine Dutka after the show. "The critics try to intellectualize my material. There's no satire involved. Satire is a concept that can only be understood by adults. My stuff is straight, for people of all ages." So straight that backstage, the Love Family burst into tears at their reception, and Kaufman was criticized in reviews for "cruelty," a charge that particularly rankles. "The Love Family is great," he insists, surely sincere. What makes Andy Kaufman great is his unassuming childishness, and cruelty, acknowledged or not, is as much a function of childhood as innocence.



Doing his Foreign Man routine

He sheds characters like so many Kleenex.

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Theater

At 29, living alone in Los Angeles' Laurel Canyon, drinking carrot juice and gobbling ice cream, Kaufman is still very much the kid who locked himself in his room and never came out. In conversation he retains the wary vulnerability of the shy boy who shook with fright every day at camp before his name was called at roll. "My mother sent me to psychiatrists since the age of four because she didn't think little boys should be sad," Kaufman reports. "When I was two, and my brother was born, I stared out the window for days. Can you imagine that?"

Raised in an upper-middle-class family in Great Neck, just outside New York City, Kaufman put on playground shows for schoolmates, appeared at neighborhood birthday parties with a pint-size extravaganza—comedy, cartoons, magic—that could have been an early rehearsal for Carnegie Hall. During his days at Graham Junior College in Boston, a course in transcendental meditation eased him into performing at amateur nights and clubs like the Improvisation in Manhattan. There he would appear, often as the Foreign Man, and embarrass everyone with his desperate comedy and maladroitness impressions, then let them in on the joke by launching into his superlative Elvis.

Kaufman is at his best and most challenging when he does not let anyone in on the joke, doesn't even admit there's a joke at all. The playroom innocence of Kaufman's live show is a touch indulgent, almost always inspired. Sometimes at the beginning, a pretty girl comes out with an invitation to milk and cookies, a promise made good at show's end, when the entire audience is conveyed by bus to a snack with the star. But it is in Tony Clifton, with his crass, abusive desperation, that Kaufman may have found his strongest comic voice. A distant cousin to Lenny Bruce's abrasive small-time bombing at the London Palladium, Tony is the dark side of every comic. He is also, to Andy Kaufman, very real. Tony Clifton has a separate agent, gets separate billing, demands—and receives—separate dressing-room facilities when he works with Andy. The producers of *Taxi* wrote Clifton into the show, had to negotiate a separate contract, then, when he was late for rehearsal three days running, had to fire him. "Don't tell me," said Andy Kaufman. "Tell Tony." Tony showed up, got canned, threw such a fit that studio guards had to carry him off the lot.

Now the Tony doppelgänger appears beside Andy to take bows at the end of the show. Kaufman insists Clifton is a real person he once mimicked, who is now appearing in person. "Everyone thinks he's me," Kaufman says. "It's really destroying Tony's career." It is clear that Kaufman's comedy in every incarnation is like a full-dress masque that sets new rules, tests new limits. "I never told a joke in my life," he says, with pride. The essence of his gift, the full range of his promise, is just this simple. Andy Kaufman is not kidding. — **Tony Clifton**



Susan Kingsley as Arlene in *Getting Out*

Seared Soul

GETTING OUT by Marsha Norman

Can the Good Book salvage the Bad Seed? That is the question set forth in this play of raw passion and schizophrenic emotional conflict.

The heroine, Arlene (Susan Kingsley), is a reform school graduate just out from behind bars after serving eight years for prostitution, burglary and manslaughter. She is numbly inert and on the run at the same time. Shaky, vulnerable and living off her psychological nerve ends, Arlene is determined to go straight.

It soon becomes clear that it is not going to be easy. Her sloppy, vicious cab-driving mother (Madeleine Thornton-Sherwood) turns up to exorcise her. A prison guard (Bob Burrus) has quit his job and accompanied Arlene to her Louisville flat, with the lecherous expectation of shacking up with her. He is an odd mixture of paternal solicitude and cruel menace. Her ex-lover and pimp (Leo Burmester) shows up. A smarmy swaggerer in an orange suit, he proposes to take her off to the rich mean streets of New York.

But Arlene's most insidious enemy is her earlier self, the self she has tried to escape from in a nervous breakdown and attempted suicide. By means of slightly disconcerting but compelling asides, the light focuses on that earlier self, the juvenile delinquent "Arlie" (Pamela Reed). Even behind bars, Arlie is a rampant engine of malice. She trashes her food, throws screaming tantrums, fends off with barbed

obscenities anyone who tries to help her. Yet some passing unseen chaplain anoints this child's dark, turbulent soul with the balm of the Scriptures.

Will it heal and redeem her? At play's end it is too early to tell. But it is not too early to know that Susan Kingsley is giving one of the memorable performances of the season. Her Arlene is more than brilliant acting; it is a revelation of the human spirit in *extremis*. Pamela Reed's Arlie has a stinging honesty that stems, in part, from never prettifying a particularly loathsome brat. *Getting Out*, Marsha Norman's first play, was initially staged at Jon Jory's Actors Theater of Louisville, and had a brief run at Marymount Manhattan's Phoenix last fall. Now tenanted in Greenwich Village at the Theater de Lys, it promises to be one of the prides of off-Broadway.

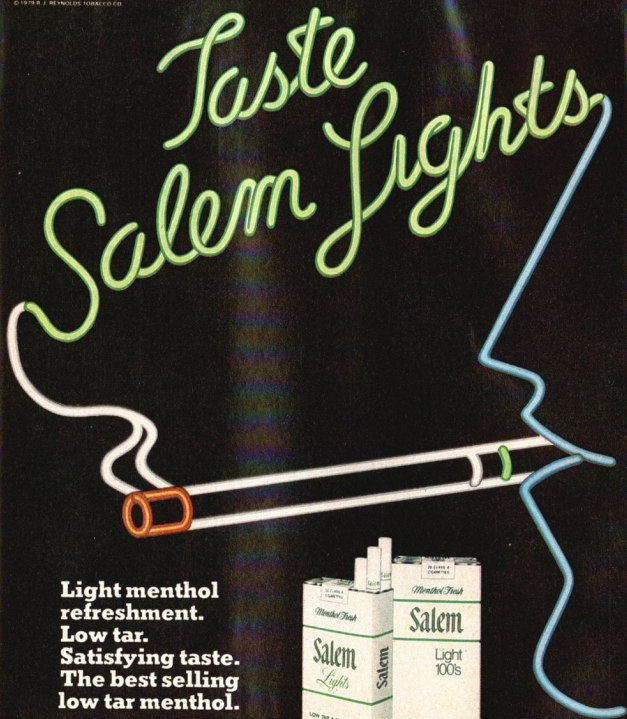
While the dramatic vitality of *Getting Out* is undeniable, the play is partly an index of an indecipherable malaise in the society from which it springs. In an admittedly sickly theater season, many of the plays that have received the most critical acclaim and a generous measure of audience acceptance have been about the dying, the grotesque, the brutalized and the desolate. *The Elephant Man*, winner of this year's New York Drama Critics Circle Award, features a freak who is monstrous, if also in eloquent human pain. *Whose Life Is It Anyway?* mounts a torch of a brain on the calcified column of a car-wrecked body. In these and other plays of the same tenor, there is much brightly sardonic humor. But what sort of society is it that derives comfort from putting rogue on a corpse?

— **T.E. Kalem**



Pamela Reed as Arlie

A rampant engine of screaming malice.



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Cinema

Hugs and Kisses

LAST EMBRACE

Directed by Jonathan Demme

Screenplay by David Shaber

Last Embrace is a film in which a stylish director and a superb cast (even the small parts are played by well-known and expert players, including Sam Levine, Charles Napier and Academy Award Winner Christopher Walken) do their best to triumph over a script that lacks witty writing and genuinely suspenseful substance. The result is a pleasant movie to watch, if your idea of a good time is an unelevated pulse, but one that leaves no lasting impression.

The story has its promising aspects. The protagonist (Roy Scheider, an actor who deserves something more than merely serviceable roles) is a shaky employee of the FBAP—the Federal Bureau of Advanced Paranoia, that usually unnamed, entirely fictional dirty-tricks agency that turns up with distressing regularity in recent movies. The reason Roy is shaky is that a bunch of baddies have killed his wife while aiming at him. Discharged from a rest home, he gets the strong im-



Margolin and Scheider in Last Embrace

A peck on the cheek for potential.

pression that his bosses no longer have any use for him, and indeed we see them running his dossier through the paper shredder and deciding to do something very similar to his person. To compound his difficulties, a rather schizy young woman (Janet Margolin) has mysteriously taken up residence in his apartment (her story of a mixed-up sublease does not

wash awfully well). He is also in receipt of a death threat written in ancient Hebrew—not at all the form in which the Government generally drafts its pink slips.

Much running about ensues, as two forces stumble over themselves in their desire to dispatch Scheider. Like so many younger film makers today, Demme is generous in his implied homages to Hitchcock. His camera buzzes around like a mosquito looking for some place to draw blood. Maddeningly, the script offers a number of scenes that suggest an air of gathering menace, but it never quite manages to stitch them together into a tense line of force. Nor does it offer substitutes that can compensate for that defect—an off-the-wall characterization here, an unexpected plot twist there, a memorable line of dialogue somewhere else. This is a disappointment: Demme's last film, *Handle With Care*, abounded in all these qualities, even though it was complexly comic social commentary rather than a simple suspense story.

Still, there is a haunting and finally deadly darkness in the romantic entanglement between Scheider and Margolin. She is driven by a slightly implausible need to revenge wrongs done to her grandmother over half a century before. Even



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as he falls in love with her, it becomes interestingly possible that he may be the victim of her loony side too. Add in those neat acting cameos and *Last Embrace* is not a total loss. It is just that the movie is not all that it might have been or promised to be. The title implies a certain passionate intensity of approach, but all the film really manages is a diffident hug, a peck on the cheek. — **Richard Schickel**

Poor Likeness

A PORTRAIT OF THE ARTIST AS A YOUNG MAN

Directed by Joseph Strick
Screenplay by Judith Rascoe

Sober. Earnest. Respectful. And, alas, excruciating. There is really little more to be said about Joseph Strick's adaptation of the James Joyce masterpiece. The novel may be this century's greatest restatement of that endlessly fascinating story of a youth in revolt against family, society, culture, religion—everything that formed him. But of course it is not the familiar tale Joyce told, but the manner in which he told it, that compels one's attention and awe. And there is simply no way to construct a film that can contain more than a suggestion of the verbal richness of a novel. Interior monologues lose their power when they are transformed into voice-overs or dialogue scenes. Those



Gielgud in *Portrait of the Artist*

Burning like dry ice.

long, obsessive scenes in which Stephen Dedalus flexes his revolutionary's muscles in aesthetic and theological debate with school friends become strangely wooden when, instead of reading them on the printed page, we are forced to watch actors trying to speak these abstractions with realistic spontaneity. As for Joyce's

famous epiphanies, they seem disastrously flat on the screen, at least in this adaptation. It falls to John Gielgud to deliver the most famous of them, a priest's vivid description of the torments of hell. He speaks the words well enough, his precise diction giving them something like the burning power of dry ice. But in the truncated form the screen demands, they lose much of their power. Strick helps not at all with his dimly conventional way of shooting.

Indeed, if translating Joyce to film appears, on the face of it, an impossible (and perhaps unnecessary) dream, it also seems that Strick, whose camera technique may be charitably described as primitive, is the wrong man to attempt the task. More than a decade ago, he gave us a *Ulysses* that suffered from the same dull defects. But there are, at least, some inherently cinematic aspects to that novel, and the director's defects did not appear quite so plainly. In *Portrait* it becomes clear that Strick cannot even handle straightforward dramatic scenes energetically and forcefully. Nor is he very good with actors. Bosco Hogan, who looks the part of Stephen, cannot find the wit, rage and irony that are there to be mined, and no one else is permitted to explode emotionally either. The result is a film without drive, lilt or vision. *Portrait* is an academic reading of a classic, faithful in its way to the overall structure of the original, but entirely lacking in the spirit that makes it live. — **R.S.**

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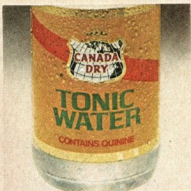


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Cinema

Banana Fields Forever

FIREPOWER

*Directed by Michael Winner
Screenplay by Gerald Wilson*

This is Michael Winner's annual exercise in violence and stupidity. The brutality, by the standards of the director who brought us *Death Wish* and *The Sentinel*, is relatively mild. It lacks his usual slaver interest in gore, grotesquery and sadism—though there is one signature episode in which a man is tortured by being doused in blood and dunked in shark-infested waters. One must add, however, that Winner has perhaps exceeded himself in witlessness.

The plot is raveled. It revolves around the U.S. Attorney General's office, which employs the Mafia to find a cool freelance hit man to abduct a Robert Vesco-like tycoon from his extradition-proof Caribbean hideaway and return him to face justice back home. This effort is complicated by many subplots, romantic and otherwise, all of them dismally predictable, all of them stretched to transparent thinness. James Coburn, Sophia Loren, O.J. Simpson and a quite decent group of character people are involved in this nonsense. One pities the lot of them, but none more than Loren, a great star stumbling around in yet another of those starlet roles she has inexplicably been taking lately. The film is shot with a clumsiness that often falls over the line into incompetence, and the general lack of conviction acts like a shot of Novocain administered to every frame. "Seal off the banana fields!" someone cries in the midst of the final chase, but, aside from that choice addition to the world's treasury of silly movie lines, *Firepower* is entirely lacking in entertainment value. —R.S.



Loren in *Firepower*

Lost in a starlet's role.

Books

The Country-Grown Candide

BILLY GRAHAM: A PARABLE OF AMERICAN RIGHTEOUSNESS

by Marshall Frady; Little, Brown; 546 pages; \$12.95

His predecessors belonged to a fiercer school of Gospel-booming sockdolaggy: back-country camp-meeting divines, like Charles Finney, exhaling vivid damnations and, later, out of the '20s, Billy Sunday, in white spats and straw skimmer, ranting indictments of "hog-jowled, weasel-eyed, sponge-columned, mush-fisted, jelly-spined, four-flushing Christians."

In postwar America, Billy Graham delivered a somewhat mellower, suburban version of revivalist hellfire. "In the end," writes Biographer Marshall Frady, "it was somehow an oddly denatured variety of the harsh vinegars of frontier Calvinism—reconstituted into a kind of mild, mass-consumption commodity, a freeze-dried instant sanctity, a rather sensible and efficient salvation." Graham's ministry transcended the traditional churchly limits. The things of God and the things of Caesar became intermixed. Graham's soul seemed to resonate in exact sympathy with the politics, culture and morale of his constituency. He ascended to world celebrity, almost always on lists of the ten most admired men, a fixture of magazine covers and TV events, the pastor and golfing companion to Presidents. John Connally once pronounced him "the conscience of America." A Graham associate went farther: "Never having been sullied himself by defeat or tragedy, eternally optimistic and enthusiastic, Billy Graham is America."

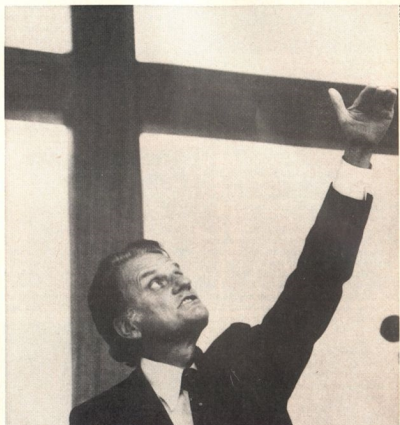
Frady refines that conceit a bit and uses it as an underlying premise of his splendid biography: to many who have been ambushed by change, "Graham has become the only familiar American paragon left; the last hero of the old American righteousness." Through the racial convulsions of the late '50s and '60s, and then Viet Nam, writes Frady, "there finally began to hang over the country, worst of all, forebodings of

some actual loss of our own native rectitude, of America's constitutional decency. Perhaps no one is finally so dear as he who returns and restores to us assurances of our goodness. And that was to become Graham's ultimate service as a prophet to Middle America through-

out the decades after the war."

Frady, son of a Southern Baptist preacher and author of a shrewdly vivid biography of George Wallace, approaches Graham with a complicated and sympathetic understanding. He also lavishes upon Billy an extravagantly garish prose style, a hot-wired Southern lushness of phrase and fluorescence of effect that would be insufferable were it not so accurate, so funny and, sometimes, so moving.

To the conventionally sophisticated over the years, Frady observes, Billy has never seemed "much more than a kind



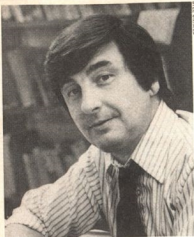
Billy Graham exhorts a rally of 10,000 outside Budapest in 1977

Excerpt

“Already they have begun hauling in out of the wide darkening spaces of the countryside—from all directions, an endless converging of cavalades over the dust-hazed parking field, old school buses enameled now in candy-bright tints, heaving and wheezing in one after another, strung with banners, CALVARY METHODIST CHURCH—HONK IF YOU LOVE JESUS, IMMANUEL BAPTIST CHURCH—GOD’S IN-CROWD, Matrons in spun-glass bouffants and rhinestone butterfly spectacles nestling Bibles in their arms, their men in pastel leisure suits with binocular cases slung over their shoulders, all moving in little murmurous rills and shoals everywhere over the grass with a

sedate briskness—a continuous unloading under the high white flare of the stadium lights like some systematic unpacking of population out of the far comfortable deeps, the Swiss-cupboard kitchens and pine-paneled dens, the dishwasher hums and color-TV luminescences, of Inner America. They are still filling the stands, brimming on up to the last top tiers, on up to the very edge of the empty dimming sky, with faint scattered waftings of sweet perfume, soap, Aqua-Velva, pizza and fried chicken from the supper tables they have just left, toothpaste, Juicy Fruit gum, like a mingling pleasant incense tinging the chill blue evening.”

Books



Marshall Frady

A hot-wired Southern lushness of phrase.

of marcelled Tupperware Isaiah," who, when he so energetically preached, resembled "some dandily appareled young department-store floorwalker caught in gales of epilepsy." The man who wore J.C. Penney suits as bright as Crayolas was a "country-grown Candide."

Yet Graham has seldom suffered from the usual suspicions of Gantryism and fraud. He has always possessed a bright, generous and translucent character that reminds Frady of Melville's Billy Budd. The child of hard-working North Carolina farm people, Billy grew up so alarmingly full of energy that his parents once took him to a doctor to see if he was normal. He was: an intense, passionate normality has been one of the reasons for his astonishing success. As an adolescent, he went dusting wildly over North Carolina back roads in his father's Plymouth, necked with girls until his lips were chapped and, after high school graduation, struck out for South Carolina as a drummer of Fuller Brushes.

After the Florida Bible Institute, and a lifelong commitment to Christ that he made one night on the 18th green of the school's golf course, Graham knocked around as a Youth for Christ evangelist. In 1949 he went to Los Angeles, pitched his "Canvas Cathedral" and began the eight-week crusade that abruptly launched him, at 31, toward his great spiritual celebrity. William Randolph Hearst, heartened by the anti-Communist messages that Billy packed into his sermons, sent his editors a memo: "Puff Graham." Hearst reporters descended on the Canvas Cathedral; before long, A.P., I.N.S., TIME, Newsweek, Quick and LIFE turned Graham into a national figure.

Graham's ministry, as his critics have emphasized, became utterly entangled with the powers of this earth. He was close to Richard Nixon for years, but at last grew reelingly ill when he read the transcripts of the White House tapes. After much puzzlement, he blamed Nixon's be-

havior on "sleeping pills and demons." Graham has always expressed a truculent love of authority, a desire for social discipline, for a certain orderliness that he seems to consider almost a necessity of the soul. He has been capable of aggressive anti-intellectualism. He displayed what Frady calls his "capacity to trivialize the awesome" when, after the My Lai massacre, he submitted: "We have all had our My Lais in one way or another... with a thoughtless word, an arrogant act, or a selfish deed." His definitions of sin and evil have not always done justice to the subject; he tends to concentrate on the homely offenses of drinking, gambling, lying and even nagging.

Yet Graham endures, a religious conglomerate and spiritual institution, beloved by millions, a man who in his worldwide crusades has been personally beheld by more people than anyone else in history. He has gone on, preaching to his multitudes the snares and sinfulness of the world and the glories of heaven to come. "Boy," he once said, "I sure hope they have a golf course up there!"

— Lance Morrow

Aficionado of Failure

CHASE THE GAME

by Pat Jordan

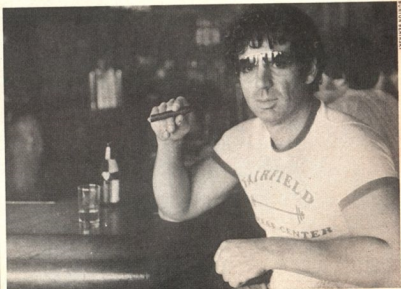
Dodd, Mead; 216 pages; \$8.95

To consider sport a metaphor for life is sad. To think of sport as life itself is tragic. None succumb to this delusion more readily than ghetto youth, for whom athletics is both a means of escape and an opportunity for approval. And none

have described the process better than Pat Jordan. His own decline as a professional pitcher was recollected in the poignant autobiography *A False Spring*. Four years later, he turns from the diamond to the court to watch basketball players yield to the pressures of ambition, and to the damning testimony of their skills.

Chase the Game focuses on three high-spirited adolescents from the decaying slums of Bridgeport, Conn. Walter Luckett, who made the cover of *SPORTS ILLUSTRATED* while just out of high school, is a gifted black who feels more at ease with whites and plays a cool, deliberate white man's game. Cousins Frank Oleynick and Barry McLeod are whites who feel most comfortable with blacks. All three are players of great promise. None keeps the promise.

The first to fail is Luckett. At Ohio University he finds himself unable to live up to the oversized Bridgeport reputation. "He was the fast gun in town," writes Jordan, "grown tired of proving himself, trying to sustain his image by bluster instead of performance." Drafted by the Detroit Pistons after a round of mishandled negotiations, the disillusioned Luckett boots his chance and gets cut from the team. Oleynick stars at Seattle University, then slides into angry oblivion after a season with the SuperSonics. McLeod, the only one of the three to finish college, is robbed of his chance at glory when a recruiting violation costs Centenary College its opportunity to try for a national championship. McLeod is drafted but fails to make the Chicago Bulls. Having risen too far too fast, all three athletes plummet back to daily life and weekend pickup games, a lot sadder, and a little wiser, in the ghetto where it all began.



Pat Jordan unwinds in a Connecticut bar after a session of basketball and pumping iron

"It was my way of coming to terms with myself. I knew that there was no going back."

PICTURE ARTISTRY

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Books

Paced like a play-off, *Chase the Game* derives much of its immediacy from the life and language of men coming to painful maturity. Its power comes from the bitter conclusion that skill on the playing field is not synonymous with character. There have been scores of books on the superstars of every sport; success breeds fans. Failure has only a few aficionados, and Jordan is one of the finest. In Auden's phrase, he sings of human unsuccess, and in the song turns case histories on the defeated into a kind of triumph.

—Peter Stoler

Clad in his normal working garb of jeans, sneakers and a T shirt stenciled with the name of a local gym, Pat Jordan looks like the jocks he writes about. The similarity is purely deliberate. Jordan, son of Pasquale Giordano, went through a disastrous season as a professional baseball player and never quite got over it. At 38, he stays in shape by compulsively pumping iron twice a day. He keeps his psyche in trim by reminiscing with cronies in bars. "I make my social contacts there," says Jordan. "Writing is lonely. You have to get out and talk to someone."

For Jordan, both the loneliness and the boozy camaraderie are a way of life. Returning to his native Fairfield, Conn., after his career with the Milwaukee Braves fizzled, Jordan supported himself and his wife Carol by teaching at a local girls' school. But he also wrote, and, in 1969, sold his first piece, a short story, to *Ingenue*. Says he: "It was great. I got a check made out to Miss Pat Jordan."

Encouraged, Jordan turned to the typewriter, determined to make a sale before the \$3,000 in his savings account forced him to return to teaching. In 1970, just before the money ran out, his first article was sold to *SPORTS ILLUSTRATED*; since then he has handled dozens of magazine assignments and produced four other books including *A False Spring*, among the best books ever written about baseball—or, for that matter, about growing up. "I had to write that book," Jordan says. "It was my way of coming to terms with myself and what happened to me. Once I did it, I knew that there was no going back."

Jordan, who is "making enough to keep everyone in groceries," has no intention of going back, Jim Bouton-style, to baseball, and no regrets about the directions his life has taken. A father of five, he writes steadily away in a rented office in Fairfield, pecking out as few as five pages of finished copy a week. Says he: "I'm the world's slowest writer. I write each sentence three times before I go on to another." But Jordan, who admits that he failed as a pitcher because, among other reasons, he was "always trying to get fast balls by heavy hitters," cannot speed up. There is no reason why he should. In the sportswriters' league, he can go a long way on style and control.

Deluded Idyll

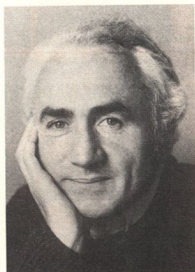
THE SINGAPORE GRIP

by J.G. Farrell

Knopf; 433 pages; \$11.95

The colonial garden party has been going on for a long time, and nobody appears to notice how the shadows are lengthening. The Japanese may be massing for a sweep down the Malay Peninsula, but here, in '30s Singapore, it all seems so far away. On these lush lawns the linen suits are crisp, the *stengahs* are icy, and the Malay and Chinese servants know their place (except for a spot of bother with Communist agitation). Surely that sun couldn't finally be setting on the Empire?

As he showed in *The Siege of Krishnapur* (1974), British Novelist J.G. Farrell has a pathologist's instinct for the way such a deluded idyll turns into apocalypse.



J.G. Farrell

His doddering British commanders fatally underestimate the Japanese advance. Rubber barons regard war as "only a passing phase in business life." The womenfolk while away blackouts at movies like *The Lady from Cheyenne* and cavort at the beach as bombs fall across the bay. In the end, Singapore is a hallucinatory panorama of burning buildings, crossed telephone lines and panicky scrambles to get aboard any departing boat. It is a rich and poignant chronicle, and Farrell has researched it down to the last palm-oil statistic. If only he had been content to write history instead of fiction. For the book is not so much imagined as documented. Plot developments, like Singapore rickshaws, serve to convey the reader from one exhibit to another. On your right are the rubber industry warehouses, repositories of greed; ahead is Chinatown; up the hill is Tanglin,

the English colony's surrogate Surrey.

Against these detailed backgrounds, the characters are mere outlines. Walter Blackett, head of Blackett and Webb, the firm whose far-flung enterprises frame most of the novel's action, is a buccaneer abroad and a fond family man at home. Yet Blackett is such a complete capitalist that he is willing to trade his daughter like a commodity in order to pump up the profits. His opposite is young Matthew Webb, a bumbling idealist who despises colonialism but offers no better alternative than a vague new brotherhood of men.

Nor does Farrell's style help much. Like some windy raconteur at the bar of the Raffles Hotel, he is diffuse and banal, occasionally clutching at his listener's elbow with a moralizing aside. His metaphorical flights can plummet ludicrously, as when he compares the cross section of a moment in history to a severed leg of lamb, "where you see the ends of the muscles, nerves, sinews and bone of one piece matching a similar arrangement in the other." His characters "sink their teeth" into "weighty problems," accept things "lock, stock and barrel," and come to clanging conclusions like: "The old order of things was as dead as a doornail." After an hour or two of this, who could be blamed for edging away from the bar, despite Farrell's undoubted substance and seriousness, and going inside for some dinner? Anything but leg of lamb.

—Christopher Porterfield

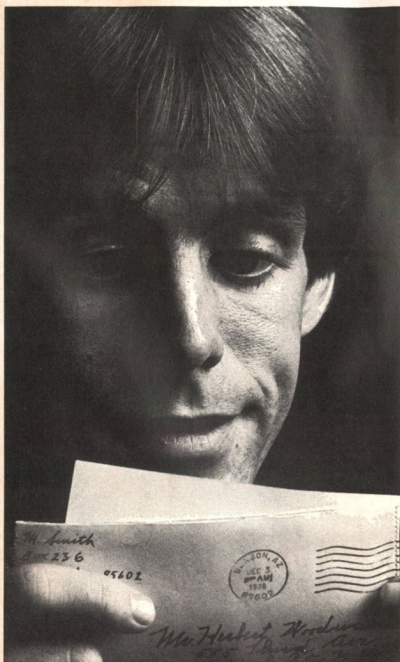
Best Sellers

FICITION

1. The Matarese Circle, Ludlum (1 last week)
2. Good as Gold, Heller (2)
3. Hanta Yo, Hill (5)
4. War and Remembrance, Wouk (3)
5. The Third World War, Hackett et al. (7)
6. The Vicar of Christ, Murphy
7. SS-GB, Deighton (4)
8. Ghost Story, Straub
9. Shibusmi, Trevanian (8)
10. Chesapeake, Michener (9)

NONFICTION

1. The Complete Scarsdale Medical Diet, Tarnower & Baker (1)
2. Lauren Bacall by Myself, Bacall (3)
3. How to Prosper During the Coming Bad Years, Ruff (2)
4. The Bronx Zoo, Lyle & Goldenback (4)
5. To Set the Record Straight, Sirica (5)
6. The Pritikin Program for Diet and Exercise, Pritikin with McGraw
7. Mommie Dearest, Crawford (10)
8. How to Get Everything You Want Out of Life, Brothers (7)
9. The Powers That Be, Halberstam
10. A Distant Mirror, Tuchman (8)



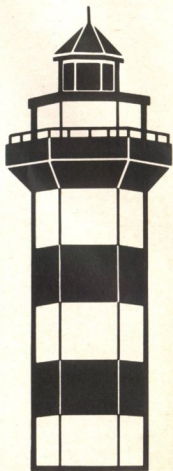
Zip Code and the forgetful son.

"Now that you've turned eighteen, happy birthday and love. But if you're old enough to vote, aren't you old enough to write? Sally says she hears from you, but how about your mom? It seems..."

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Pop in the film. Point at something worth shooting. Click. You got it.

The things everyone loves least about most pocket cameras are the results.

The focus is a little fuzzy. A head here and there is chopped off. Those wonderful close-ups and wide-angle shots you're always seeing in photography books are almost impossible to get with most pocket cameras.

Our idea: Apply the principles that make 35-millimeter photography great to a camera system that's as easy to use as the simplest pocket cameras.

Our camera: the Pentax Auto 110.

It's an SLR like the 35mm's, so you see your subject right through the lens. (What you see is what you get, as they say.)

In terms of size, brightness, and clarity, the Auto 110's viewfinder rivals the best 35mm SLRs (i.e., focusing is easy).

Interchangeable lenses are available. (A twist of the wrist and you're shooting with a telephoto or wide-angle lens.)

Naturally, an optional flash is available. Surprisingly, though, you can also get an optional autowinder



to take some of the drudgery out of picture taking. (This little wonder advances your film to the first frame automatically, relieves you of the necessity of advancing film after each shot, and, after the last shot, speeds the film ahead, so all you do is pop it out.)



Once you start getting your results back from the developer and realize what a great photographer you've become, you might even be interested in further accessories: a lens hood, filters, extra-close close-up lenses. And, if you wear glasses, a positively ingenious device: an eyepiece correction lens.

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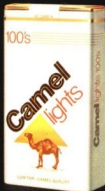
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